

## F0. Introduction

### F0.1

#### (F0.1) Give a general description of and introduction to your organization.

For 123 years, Klabin creates solutions for a renewable future. Focused on operational efficiency, care for people and for the environment, Klabin is increasingly developing products from renewable, recyclable and biodegradable sources; fostering a circular economy model and actively participating in the construction of a sustainable consumption future.

Klabin S.A is a publicly-held corporation, private and member of the BM&FBovespa (B3). With 23 industrial units in Brazil and one in Argentina, is the only company in the Brazilian market to offer solutions in short fiber, long fiber and fluff pulp. In addition, it is the largest Brazilian producer and exporter of packaging paper and a leader in the production of paper packaging, corrugated cardboard packaging and industrial bags.

In order to contribute to the development of a sustainable economy and inspire final consumer choices, Klabin is a voluntary supporter of the United Nations Sustainable Development Goals (SDGs), since 2016. In 2020, Klabin has announced its official set of public targets - company's Sustainability strategy aligned to 2030 Agenda, available on [kods.klabin.com.br](https://kods.klabin.com.br) website. Since 2015, Klabin is in the Brazil's B3 Corporate Sustainability Index (ISE) and recently has been included in the Dow Jones Sustainability Indices World and Emerging Markets. The company has a strong performance in the WWF Environmental Paper Company Index with a 90.5% score and is also listed in the ranking of the best performances in emerging markets by Vigeo Eiris. The company is a Task Force on Climate-related Financial Disclosures (TCFD) supporter and it is gradually implementing its recommendations in order to provide secure and transparent information on climate risks and opportunities. In addition, Klabin joined the UN's Business Ambition for 1.5°C – Our Only Future global campaign and committed to the Science Based Targets Initiative (SBTi) to set emission reduction targets.

For Klabin, sustainability is the continuous creation of value that prioritizes the balance between the economic, social and environmental dimensions. The organization cares for the approximately 25,000 direct and indirect employees. It is one of the company's priorities, which performs constant investment in the training and development of people, and promoting the welfare and safety of all. More than just offering good job opportunities, Klabin invests in the region so that the entire population benefits from initiatives in the areas of local development, education, culture and environmental education. Respect for communities is ultimately the guiding value of Klabin in all regions where it operates. Have clear criteria for governance, act with transparency and the involvement of local public companies are ongoing concerns in the management of social impacts of their activities.

Klabin's sustainable forestry operations is a globally recognized. The forest base is one of its most important assets with more than 284 thousand hectares of planted forest with pine and eucalyptus for pulp production. Klabin maintains a further 265 thousand hectares of native forests destined for conservation. It is pioneer in the adoption of forest management in mosaic concept - a system that merges planted forests and preserved native forests, contributes to biodiversity, soil and water conservation. The company was the first in the pulp and paper sector in the Southern Hemisphere to obtain, in 1998, the FSC® (Forest Stewardship Council) certification, which attests management that conserves natural resources, provides fair working conditions and encourages good relations with the community. Besides FSC®, in 2017, Paraná state's unit earned a new forestry certification, internationally recognized by PEFC, Cerflor (Brazilian Forestry Certification Program). Once again, Klabin works collaboratively with suppliers, driven by regional development. The Forest Fostering Program was created in 1987; now known as "Plant with Klabin". The program seeks to expand alternatives for income in rural properties near its units. In addition to the economic and social bias, the program assists producers to achieve environmental suitability according to the Brazilian Forest Code. The sum of good practices opened up the possibility for the Forest Supplier Certification Program in Paraná and Santa Catarina states. This program guarantee a sustainable source of raw material for the company and add value to regional production.

Furthermore, it is important to highlight that Klabin is trusted by several investors and has successfully issued two Green Bonds and a 500 million dollars Sustainability-Linked Bond in December 2020, linked to 3 major 2030 targets from the company's 2030 Agenda. In March 2019 was able to perform its second Green bond, the first 30 year Green Bond in its sector, an equivalent of 500 million dollars, the biggest transaction for sustainable and forest projects in Brazil.

### F0.2

#### (F0.2) State the start and end date of the year for which you are reporting data.

	Start Date	End Date
Reporting year	January 1 2021	December 31 2021

### F0.3

#### (F0.3) Select the currency used for all financial information disclosed throughout your response.

BRL

### F0.4

(F0.4) Select the forest risk commodity(ies) that you are, or are not, disclosing on (including any that are sources for your processed ingredients or manufactured goods); and for each select the stages of the supply chain that best represents your organization's area of operation.

	Commodity disclosure	Stage of the value chain	Explanation if not disclosing
Timber products	Disclosing	Production Processing Trading	<Not Applicable>
Palm oil	<Not Applicable>	<Not Applicable>	<Not Applicable>
Cattle products	<Not Applicable>	<Not Applicable>	<Not Applicable>
Soy	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Rubber	This commodity is not produced, sourced or used by our organization	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>	<Not Applicable>

F0.5

(F0.5) Are there any parts of your direct operations or supply chain that are not included in your disclosure?

No

F0.6

(F0.6) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.?)

Indicate whether you are able to provide a unique identifier for your organization	Provide your unique identifier
Yes, an ISIN code	KLBNC DAM18

F1. Current state

F1.1

(F1.1) How does your organization produce, use or sell your disclosed commodity(ies)?

Timber products

Activity

Growing/production of raw materials

Harvesting

Form of commodity

Hardwood logs

Softwood logs

Sawn timber, veneer, chips

Source

Owned/managed land

Smallholders

Country/Area of origin

Brazil

% of procurement spend

41-50%

Comment

Klabin is recognized for its sustainable forest management. The proper landscape management allow the excellent exploitation of production potential of forests (eucalyptus and pine) in line with natural resources protection. Klabin was the first pulp and paper company in the Southern Hemisphere to earn, in 1998, the Forest Stewardship Council®-FSC® certification which attests to management practices that conserve natural resources, provide fair working conditions and encourage healthy relations with local communities. In 2017, Paraná's unit also was PEFC/Cerflor certificated.

Despite the greater internal wood consumption in operations, in 2021 the sales volume was 1.1 million tons of timber. The consumption volume in the industrial process was 12.4 million tons, which 56% is from Klabin's owned and managed forests and the other 44% was purchased from partnerships and producers.

F1.2

**(F1.2) Indicate the percentage of your organization's revenue that was dependent on your disclosed forest risk commodity(ies) in the reporting year.**

	% of revenue dependent on commodity	Comment
Timber products	91-99%	<p>Klabin is recognized for its sustainable forest management. It was the first pulp and paper company in the Southern Hemisphere to earn, in 1998, the Forest Stewardship Council®-FSC® certification, which attests to management practices that conserve natural resources, provide fair working conditions and encourage healthy relations with local communities.</p> <p>The company adopts mosaic management concept in the forest units - ensures the business sustainability by optimizing the forest operation-planning while preserves water resources and biodiversity present in the Atlantic Forest biome, predominant at Klabin areas. The mosaic management and the forestry certifications (FSC® in all three units – Paraná, Santa Catarina and São Paulo and PEFC/Cerflor in Paraná unit) are the most important part of our risk control investment. The wood suppliers' areas are also considered in the risk control. Investments in programs that involves field verification (Controlled Wood); forestry certification (Smallholder Certification Program); and environmental adjustment of suppliers's properties (Legal Wood and Social Wood Programs) are performed.</p> <p>The consumption volume in the industrial process was 12.4 million tons of wood, which 56% is from Klabin's owned and managed forests and the other 44% was purchased from partnerships and producers.</p> <p>Timber is classified as the main raw material for pulp and paper production. Based on the total amount of inputs consumed in 2021 for total production of Klabin S/A, wood represents 95% of the amount of the inputs.</p> <p>- Calculation:            % Revenue = Total Quantity of Wood (thousand t / year) / Total Quantity of Input (thousand t / year) * 100            % Revenue = (12,431.55/ 13,079.12)*100 = 95%</p> <p>It is also important to mention that, considering all the inputs consumed by Klabin in 2021, 98% are from renewable origin, the remaining 2% refer to chemicals used in the production process.</p>
Palm oil	<Not Applicable>	<Not Applicable>
Cattle products	<Not Applicable>	<Not Applicable>
Soy	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>

### F1.3

**(F1.3) Provide details on the land area you control and/or manage that is used for the production of your disclosed commodity(ies).**

**Forest risk commodity**

Timber products

**Type of control**

Own land

**Country/Area**

Brazil

**Land type**

Tree plantations

**Area (Hectares)**

283530

**% Area certified**

88

**Certification scheme**

FSC Forest Management certification

PEFC Sustainable Forest Management certification

**Conversion of natural ecosystems monitored during the reporting year, the last 5 years and/or since specified cutoff date**

We have monitored conversion of natural ecosystems during the reporting year

**Area of natural ecosystems converted during the reporting year (hectares)**

0

**Area of natural ecosystems converted since specified cutoff date (hectares)**

<Not Applicable>

**Area of natural ecosystems converted during the last 5 years (hectares)**

<Not Applicable>

**Please explain**

Klabin was the first pulp and paper company in Southern Hemisphere to be FSC® certificated, in 1998. In 2017, Paraná unit was also certified by PEFC/Cerflor. Both certifications attest to best management practices. In 2021, owned/managed production area was 284 thousand hectares, located in Paraná, Santa Catarina and São Paulo states of Brazil - 100% is assessed according to FSC standards; 88% was certified in 2021 according to forest expansion strategy; the certifying body is aware of areas outside the scope.

Commodity management is very important to ensure the lowest financial, operational and legal risk for the company. The level of management varies according to the contractual clauses (owned, leased or partnership), but all of them undergo a verification process that consist of georeferenced assessments, land use map and property protection.

- Land Use team manages information from official databases (i.g. CAR) and is responsible for processing the property area information by remote sensing, generating a temporal analysis of forest conversion by using Landsat 1994 images and maps of land use, including the identification of proximity to communities. When necessary, Community Relations team is mobilized to assess the communities' fragility.

- GIS team is responsible for satellite monitoring (Planet and Sentinel-2); every two days the images (with a 3-meter resolution) are updated, which enables environmental adjustment and identification of abnormalities (i.g. erosion). In addition to image analysis, registrations are made by the co-workers in field through Esri's Survey 123 app. The notes are linked to a georeferenced panel that allows the responsible areas (i.e. Road crew) to manage the demands of forest occurrences and develop an action plan for recurring events.

- Inventory team provides information of quality and quantity of forest resource available to support sustainable decision-making. A Continuous Forest Inventory and Pre-Cut Inventory programs have been used. Information of each stand is carried out considering the specie, genetic material, silvicultural practice, forest management and age. Besides the traditional inventory techniques, new technologies as LiDAR (Light Detection and Ranging) have been used. This remote sensor enables the estimation of a range of forest inventory attributes as height and biomass volume.

---

**F1.4**

---

**(F1.4) Provide details on the land you control and/or manage that was not used for the production of your disclosed commodity(ies) in the reporting year.**

**Forest risk commodity**

Timber products

**Country/Area**

Brazil

**Type of control**

Own land

**Land type**

Other land type, please specify (Productive area available for the next planting cycle.)

**Area (hectares)**

29700

**% covered by natural forests**

0

**Please explain**

Klabin was the first pulp and paper company in the Southern Hemisphere to be FSC® certificated, in 1998. In 2017, Paraná unit was also certified by PEFC/Cerflor. Both certifications attest to the best management practices. In 2021, area of own/managed production available for next planting cycle was 30 thousand hectares, located in PR, SC and SP states of Brazil. Commodity management is very important to ensure the lowest financial, operational and legal risk for the company. The level of management varies according to the contractual clauses (owned, leased and partnership), but all of them undergo a verification process that consist of georeferenced assessments, land use map and property protection. Management Plan precautions are applied for 100% of the areas since acquisition.

-Property security team has trained employees equipped with 24-hour communication, which rotate through the farms every day, controlling possible outbreaks of fire, illegal hunting or fishing, and the entry of domestic animals such as cattle or horses. There are fire detection towers distributed at strategic points with coverage by forest fire protection team.

-Land Use team manages information from official databases (i.g. CAR) and is responsible for processing the property area information by remote sensing, generating a temporal analysis of forest conversion by using Landsat 1994 images and maps of land use, including the identification of proximity to communities. When necessary, Community Relations team is mobilized to assess the communities' fragility.

-GIS team is responsible for satellite monitoring (Planet and Sentinel-2), every two days the images (with a 3-meter resolution) are updated, which enables environmental adjustment and identification of abnormalities (i.g. cattle invasion). In addition to image analysis, registrations are made by the co-workers in field through Esri's Survey 123 app. The notes are linked to a georeferenced panel that allows the responsible areas (i.e. Property Protection team) to manage the demands of forest occurrences and develop an action plan for recurring events.

-Inventory team uses technologies as LiDAR (Light Detection and Ranging). This remote sensor enables the assesment of land relief and soil fragility. Combining ground plots data and Airborne LiDAR scanning data, predictive models can be developed and applied to the entire area.

---

**Forest risk commodity**

Timber products

**Country/Area**

Brazil

**Type of control**

Own land

**Land type**

Set-aside land

**Area (hectares)**

264780

**% covered by natural forests**

100

**Please explain**

Klabin was the first pulp and paper company in the Southern Hemisphere to be FSC® certificated, in 1998. In 2017, Paraná unit was also certified by PEFC/Cerflor. Both certifications attest to the best management practices. In 2021, native area for conservation in owned/managed lands was 265 thousand ha (mainly covered by Atlantic Forest biome), located in PR, SC and SP states of Brazil. Including almost 19,000 ha of High Conservation Value Area – HCV; 8,839 ha of Private Nature Preserve – RPPN and 9,800 ha of Ecological Park. Annually a third-party team of specialists monitors those areas to assess their status of conservation. Such practice is very important to ensure the lowest environmental and legal risk for the company. It also undergo a verification process that consist of georeferenced assessments, land use map and property protection.

-Land Use team manages information from official databases (i.g. CAR and PRA) and is responsible for processing the property area information by remote sensing, generating a temporal analysis of forest conversion by using Landsat 1994 images and maps of land use, including the identification of proximity to conservation units.

- GIS team is responsible for satellite monitoring (Planet and Sentinel-2), every two days the images (with a 3-meter resolution) are updated, which enables environmental adjustment. In addition to image analysis, registrations are made by the co-workers in field through Esri's Survey 123 app. The notes are linked to a georeferenced panel that allows the responsible areas (i.e. Property Protection team) to manage the demands of forest occurrences and develop an action plan for recurring events.

-Inventory team uses technology LiDAR (Light Detection and Ranging). In 2019, Klabin started a study on the possibility of using this remote sensor to monitor the succession stage of native forests. In 2020, the company established a partnership with State University of Santa Catarina – UDESC to validate this project to the entire area of the company. In 2021 the first part of the project was delivered.

---

**F1.5**

**(F1.5) Does your organization collect production and/or consumption data for your disclosed commodity(ies)?**

	Data availability/Disclosure
Timber products	Consumption and production data available, disclosing
Palm oil	<Not Applicable>
Cattle products	<Not Applicable>
Soy	<Not Applicable>
Other - Rubber	<Not Applicable>
Other - Cocoa	<Not Applicable>
Other - Coffee	<Not Applicable>

**F1.5a**

**(F1.5a) Disclose your production and/or consumption figure, and the percentage of commodity volumes verified as deforestation- and/or conversion-free.**

**Forest risk commodity**

Timber products

**Data type**

Production data

**Commodity production/ consumption volume**

11751817

**Metric for commodity production/ consumption volume**

Metric tons

**Data coverage**

Full commodity production/consumption

**Have any of your reported commodity volumes been verified as deforestation- and/or conversion-free?**

Yes

**% of reported volume verified as deforestation- and/or conversion-free**

100

**Please explain**

About 11.8 million tons was the total wood harvested in owned and managed areas in Paraná, Santa Catarina and São Paulo Forest Management Units (FMU) during the year 2021. The timber is intended for use in manufacturing process and energy generation (biomass); about 9% of it was sold to regional market. The entire operation is trained and oriented to follow the company's operating procedures, which are very clear as to best management practices, safeguarding employees safety and environmental issues.

The FMU is 100% monitored for forest-related risks, such as deforestation. Land Use team manages information from official databases (i.g. CAR) and provides land use maps with the proper demarcation of productive areas released for harvesting and the limits of protected areas. The field operation has access to these maps. There is also GIS team, whose are responsible for satellite monitoring (Planet and Sentinel-2), every two days the images (with a 3-meter resolution) are updated, which enables environmental adjustment.

**Forest risk commodity**

Timber products

**Data type**

Consumption data

**Commodity production/ consumption volume**

12431547

**Metric for commodity production/ consumption volume**

Metric tons

**Data coverage**

Full commodity production/consumption

**Have any of your reported commodity volumes been verified as deforestation- and/or conversion-free?**

Yes

**% of reported volume verified as deforestation- and/or conversion-free**

100

**Please explain**

About 12.4 million tons is the total consumption of raw material (wood) on industrial units during the year 2021. Of which 56% was from Klabin's owned and managed forests and the other 44% was purchased from partnerships and producers.

A 100% is monitored for forest-related risks, such as deforestation through certification scene and satellite monitoring.

In order to meet these criteria throughout the entire value chain, Klabin is constantly investing in technologies to map and monitor forest risks. Some tools used by GIS team: (I) temporal analyzes from LandSat 1994 images, to identify conversion of forests; (II)satellite monitoring, which allows environmental assessment of PPAs and LRs in accordance with the Brazilian Forest Code; (III)official data bases (FUNAI, i.e.) for mapping rural and traditional communities near of forestry operation; (IV)monitoring deforestation alert in region of influence by using Map Biomas tool. MapBiomas Alert Shapefile is used in dashboards format, making possible to detect most recent deforestation in prospecting areas (value chain). This information allowed a safe complement in the environmental diagnostics of properties free of deforestation, safeguarding Klabin's forestry businesses.

**(F1.5b) For your disclosed commodity(ies), indicate the percentage of the production/consumption volume sourced by national and/or sub-national jurisdiction of origin.**

**Forest risk commodity**

Timber products

**Country/Area of origin**

Brazil

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction (Paraná state )

**% of total production/consumption volume**

79

**Please explain**

Klabin's forests in Paraná state are distributed across three regions: Telêmaco Borba, Guarapuava and Jaguariaíva. A total area owned, leased and managed equivalent to 442 thousand ha; distributed in more than 50 municipalities. The Unit is headquartered at the Monte Alegre Farm in Telêmaco Borba city, located in Campos Gerais region.

This location cover 79% of timber production sourced by our business in 2021; out of the 100% that is currently traced to the country level. This percentage was calculated based on the total amount of timber produced in 2021 - considering harvesting in own and manage areas - Paraná unit production represented 79%.

% of Total Production Volume = Total Quantity of Wood Production at Paraná unit (ton) \*100 / Total Quantity of Wood Production of Klabin S.A. (ton)

% of Total Production Volume = 9,3 MM \* 100/ 11,8 MM

% of Total Production Volume = 79

**Forest risk commodity**

Timber products

**Country/Area of origin**

Brazil

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction (Santa Catarina state)

**% of total production/consumption volume**

20

**Please explain**

Klabin's forests in Santa Catarina state are located in the Planalto Serrano region. A total area owned, leased and managed equivalent to 169 thousand hectares; distributed in about 40 municipalities. The industrial units (paper mills) are located in the municipalities of Otacílio Costa and Correia Pinto. Lages is the largest municipality in the region and the social and economic development center.

This location cover 20% of timber production sourced by our business in 2021; out of the 100% that is currently traced to the country level. This percentage was calculated based on the total amount of timber produced in 2021 - considering harvesting in own and manage areas - Santa Catarina unit production represents 20%.

% of Total Production Volume = Total Quantity of Wood Production at Santa Catarina unit (ton) \*100 / Total Quantity of Wood Production of Klabin S.A. (ton)

% of Total Production Volume = 2,34 MM \* 100/ 11,8 MM

% of Total Production Volume = 20

**Forest risk commodity**

Timber products

**Country/Area of origin**

Brazil

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction (São Paulo state)

**% of total production/consumption volume**

1

**Please explain**

Klabin's forests in São Paulo state are located in the Southeastern region. A total area owned, leased and managed equivalent to 14 thousand ha; distributed in 20 municipalities. The head office of the São Paulo Unit is in Angatuba city.

This location cover 1% of timber production sourced by our business in 2021; out of the 100% that is currently traced to the country level. This percentage was calculated based on the total amount of timber produced in 2021 - considering harvesting in own and manage areas - São Paulo unit production represents 1%.

% of Total Production Volume = Total Quantity of Wood Production at São Paulo unit (ton) \*100 / Total Quantity of Wood Production of Klabin S.A. (ton)

% of Total Production Volume = 135 k \* 100/ 11,8 MM

% of Total Production Volume = 1

Note: It is important to mention that some forests (about 5,500 hectares) that are located in the state of São Paulo are under Paraná office's management. This is a strategy to meet the demand for wood of Monte Alegre and Ortigueira factories.

## F1.6

**(F1.6) Has your organization experienced any detrimental forests-related impacts?**

Yes

F1.6a

---

(F1.6a) Describe the forests-related detrimental impacts experienced by your organization, your response, and the total financial impact.

**Forest risk commodity**

Timber products

**Impact driver type**

Physical

**Primary impact driver**

Forest fires

**Primary impact**

Impact on company assets

**Description of impact**

In recent years, there have been no major losses of area due to fires. Therefore, increase in average temperature and changes in the rainfall regime could cause hot and dry conditions sufficient to favor the occurrence and proliferation of forest fires which would jeopardize Klabin's forest plantations. Klabin's Risk Management Specialists have mapped this risk as high, due to potencial financial impact and vulnerability of damage periods.

In 2021, a total of 79 fires focus were registreded in Paraná unit; 859 hectares. This represents 0.43% of company property. This was not a substantive impact in area and/or financially, once it was less than 10% of Klabin's 2021 EBTIDA (BRL 1.884 BIL). Meanwhile the precaution is valid for future scenarios.

To calculate the financial impact it was considered: (I) loss of plantation investment; (II) cost of replacing the lost of wood; and (III) logistic costs of own wood vs market wood. Resulting in an estimated impact of BRL 11.8 M.

Note: it is not possible to disclose the values of each item analized, as it is sensitive information for the company.

**Primary response**

Promotion of best practice and awareness

**Total financial impact**

11800000

**Description of response**

To monitor and predict vulnerable areas, an application study of the Monte Alegre Formula was executed under historical data of relative humidity, average temperature and precipitation. Klabin has made investments in fire-fighting structures. In Monte Alegre Farm - PR, Klabin had 21 monitoring towers covering approximately 200,000 ha of forests. Seeking to improve the management of its actions, in order to meet the expansion of the forestry unit, the project to install new surveillance towers was approved at the end of 2020 and built in 2021. This project provides the following benefits (I) Construction of 18 towers with height up to 60 meters (as remaining towers will be deactivated); range of high-definition cameras (25 km away), increasing coverage to approximately 320,000 ha; (II) Automatic monitoring with cameras in an operations center where they are directed as images and processed for automatic detection of events and their location, to trigger the control teams; (III) In addition, other functionalities can be added to the project with synergy gains not accounted for in the project, such as detection of forest anomalies (eg detection of forest anomalies) and monitoring of heritage.

---

F1.7

---



**(F1.7) Indicate whether you have assessed the deforestation or conversion footprint for your disclosed commodities over the past 5 years, or since a specified cutoff date, and provide details.**

**Forest risk commodity**

Timber products

**Have you monitored or estimated your deforestation/conversion footprint?**

Yes, we monitor deforestation/conversion footprint in our supply chain

**Coverage**

Full consumption volume

**Reporting deforestation/conversion since a specified cutoff date or during the last five years?**

Since a specified cutoff date, please specify year (2008)

**Known or estimated deforestation/ conversion footprint (hectares)**

0

**Describe methods and data sources used to monitor or estimate deforestation/ conversion footprint**

FSC guidelines and tools are adopted to identify, assess and monitor forestry risks in own and value chain operations (annually, external audits evaluate forest operation). Widely approved in the sector and recognized by stakeholders, it brings security and credibility to risk management. FSC is effective for the company once its guidelines indicate the main risks that must be identified for the eligibility of areas for commercial transactions. It safeguard the business from the risk of obtaining wood from controversial sources. Klabin does not acquire or lease properties with native forest conversion into plantation after 1994, according to FSC 6th principle . GIS crew is responsible for temporal analyzes from LandSat 1994 images.

In addition, but not least, Klabin must safeguard your business according to the Brazilian Forest Code. That means conversion after July 2008 is considered an environmental crime. In 2020, Paraná's GIS crew included MapBiomass alert tool in work routine (updated weekly). Paraná unit was selected as a pilot due to the current expansion context; in 2021, the monitoring began to be suitable to be expanded in Santa Catarina unit as well. MapBiomass is a good source of geospatial information due to its scope and data quality. It is an intuitive and user-friendly tool for assessing deforestation alerts and changes in land use coverage. MapBiomass Alert Shapefile is used in dashboards format, making possible to detect most recent deforestation in own and value chain. By 2021, almost 800 hectares in 50 properties were detected in the alerts. Negotiations are suspended in these cases and the company's legal department is mobilized to guide the procedure; that is why deforestation/conversion footprint is considered zero. This information allowed a safe complement in the environmental diagnostics of properties, resulting in free deforestation during the forestry processes, safeguarding Klabin's forestry businesses.

---

## F2. Procedures

---

### F2.1

---

**(F2.1) Does your organization undertake a forests-related risk assessment?**

Yes, forests-related risks are assessed

---

#### F2.1a

---

**(F2.1a) Select the options that best describe your procedures for identifying and assessing forests-related risks.**

## Timber products

### Value chain stage

Direct operations  
Supply chain

### Coverage

Full

### Risk assessment procedure

Assessed as part of an established enterprise risk management framework

### Frequency of assessment

Annually

### How far into the future are risks considered?

> 6 years

### Tools and methods used

Internal company methods  
National specific tools and databases  
Jurisdictional/landscape assessment

### Issues considered

Availability of forest risk commodities  
Quality of forests risk commodities  
Impact of activity on the status of ecosystems and habitats  
Regulation  
Climate change  
Impact on water security  
Tariffs or price increases  
Loss of markets  
Leakage markets  
Brand damage related to forests risk commodities  
Corruption  
Social impacts

### Stakeholders considered

Customers  
Employees  
Investors  
Local communities  
NGOs  
Other forest risk commodity users/producers at a local level  
Regulators  
Suppliers

### Please explain

Klabin's main raw material is wood from planted forest to attend the demand for pulp and paper production. Due to the relevance for the organization, forest-related issues are integrated into a companywide risk assessment framework. Direct operations and value chain are considered. Internal company methods is based on COSO framework-standard and ISO 31000 standard. Both are followed as they are commonly recognized standards. Four indicators are defined in the internal methodology: financial, reputational, environmental loss and healthy & safe. Beyond that, in 2020, Klabin became TCFD Supporter. TCFD was created by the Financial Stability Board (FSB), which established a set of recommendations for companies to disclose their information on managing climate-related risks and opportunities. The Company adopts a series of measures to identify and mitigate climate risks and explore opportunities in direct operations related to four elements: governance, strategy, risk management and goals & metrics. Klabin has a dedicated area for risk management and a Risk Committee composed by Executive Directors, with a quarterly agenda for decision-making in short, medium and long-term to ensure risk governance.

Especially for value chain forest-related risks, FSC guidelines are adopted. External audits are conducted annually. Widely approved in the sector and recognized by stakeholders, it brings security and credibility to risk management. FSC is effective for the company once its guidelines indicate the main risks that must be identified for the eligibility of areas for commercial transactions. GIS crew included MapBiomass alert tool in the weekly work routine to continually improve quality of assessment. MapBiomass is a good source of geo information because of its scope and data quality - it considers national database (ie. CAR) and provides an overview of landscape/jurisdictional approach. It is an intuitive and user-friendly tool for assessing deforestation alerts and changes in land use coverage. By 2021, MapBiomass Alert Shapefile detected almost 800 ha in 50 properties. Negotiations were suspended and company's legal department was mobilized to guide the procedure. This information allowed a safe complement in the environmental diagnostics of properties for decision-making, safeguarding Klabin from the risk of obtaining wood from controversial sources.

## F2.2

### (F2.2) For each of your disclosed commodity(ies), has your organization mapped its value chains?

	Value chain mapping	Primary reason for not mapping your value chain	Explain why your organization does not map its value chain and outline any plans to introduce it
Timber products	Yes, we have mapped the entire value chain	<Not Applicable>	<Not Applicable>
Palm oil	<Not Applicable>	<Not Applicable>	<Not Applicable>
Cattle products	<Not Applicable>	<Not Applicable>	<Not Applicable>
Soy	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>	<Not Applicable>

F2.2a

(F2.2a) Provide details of your organization's value chain mapping for its disclosed commodity(ies).

Forest risk commodity

Timber products

Scope of value chain mapping

Own operations

Tier 1 suppliers

% of total suppliers covered within selected tier(s)

100

Description of mapping process and coverage

Commodity management is very important to ensure the lowest financial, operational and legal risk for Klabin. The level of management varies according to the contractual clauses (owned, leased or partnership), but all of them undergo a verification process that consist on legal documentation and georeferenced assessments. In order to meet the same criteria throughout the entire value chain, Klabin is constantly investing in technologies to map and monitor forest risks. Some tools used by GIS team: (i)temporal analyzes from LandSat 1994 images, to identify conversion of forests; (ii)satellite monitoring, which allows environmental assessment of PPAs and LRs in accordance with the Brazilian Forest Code; (iii)official data bases (FUNAI, i.e.) for mapping rural and traditional communities near of forestry operation; (iv)monitoring deforestation alert in region of influence by using Map Biomas tool.

Klabin is committed to 100% CoC Certification. In 2021, Klabin purchased wood from 331 suppliers. Our first tear supplier refers to small, medium and large producers; distributed in 61 municipalities throught São Paulo, Paraná, Santa Catarina and Rio Grande do Sulstates of Brazil. Wood purchase invoice registration in the internal company system (SAP) contains (i) supplier's registration code and (ii) origin of the wood as certified or not. Each farm/material has a specific purchase area, which provides reliable control over the origin of the wood. This method ensure the raw material traceability. The control of SAP is the Controllershship responsibility. Meanwhile, field operational is accompanied by audit visits led by Environmental Responsibility team. The audit evidence and purchasing documents are maintained for at least 5 years. Klabin has a documented due diligence system (DDS) for raw materials supplied without FSC® or Cerflor declarations. It allows to be used as controlled raw material. All raw material suppliers are included in the DDS. At least once a year, Klabin performs an internal audit to ensure that the system is being applied correctly.

Your own production and primary processing sites: attach a list of facility names and locations (optional)

Your suppliers' production and primary processing sites: attach a list of names and locations (optional)

F3. Risks and opportunities

F3.1

(F3.1) Have you identified any inherent forests-related risks with the potential to have a substantive financial or strategic impact on your business?

	Risk identified?
Timber products	Yes
Palm oil	<Not Applicable>
Cattle products	<Not Applicable>
Soy	<Not Applicable>
Other - Rubber	<Not Applicable>
Other - Cocoa	<Not Applicable>
Other - Coffee	<Not Applicable>

F3.1a

### (F3.1a) How does your organization define substantive financial or strategic impact on your business?

The definition of substantive financial or strategic impact on business is based on Klabin's risk management. Klabin has a specific area for risk management and controls of the wide organization and supply chain. This management considers the entire organization as part of the scenario analysis. In this matrix it is considered, for example, the categories of commodities, economic scenario, international policies, government changes, research and development, climate change, environmental accidents, environmental regulations, business continuity plan, etc. The risks listed in Klabin's risk matrix take into account strategic, financial, operational, regulatory and environmental aspects. Two criteria's are used to assesses the risk (below).

- Impact assessment: In Klabin's process, risks with substantive financial impacts are over 10% of EBITDA. It means – R\$: > 700 – critical impact, > 400 < =700 MM- high impact, > 150 MM < =400 – medium impact. It is important to inform that the ranges of values are being updated by the company's risk management.

- Vulnerability assessment: National and international reputation impact. . The indicators of periods of damage to the public image are used: > 24 months – critical impact, 12 a 24 months - high impact, < 12 months – medium impact, without damage to the public image– low impact.

Complementarily, environmental accidents with difficult remediation and occupational accidents are considered as substantial strategic/ or financial impact. To determine the impact significance an assessment is made regarding the temporality: Incidence – it is considered direct if under the company's control and indirect if the company merely exerts influence on the activity that generated the impact; and Condition – normal for routine activities, abnormal for non-routine activities and emergency for aspects resulting from unplanned situations. Identification of scope of impact area is also recommended, whether it is local or affects another sector; severity (low, medium or high); and whether complaints have been registered.

In 2020, Klabin became TCFD Supporter. TCFD was created by the Financial Stability Board (FSB), which established a set of recommendations for companies to disclose their information on managing climate-related risks and opportunities. The Company adopts a series of measures to identify and mitigate climate risks and explore opportunities related to four elements: governance, strategy, risk management and goals & metrics. In this assessment, one of the risks with a potential substantive impact identified was forest fires, as presented below:

In recent years, there have been no major losses of area due to fires. Therefore, increase in average temperature and changes in the rainfall regime could cause hot and dry conditions sufficient to favor the occurrence and proliferation of forest fires which would jeopardize Klabin's forest plantations. Klabin's Risk Management Specialists have mapped this risk as high, due to potential financial impact and vulnerability of damage periods. To calculate the financial impact it was considered: (I) loss of plantation investment; (II) cost of replacing the lost wood; and (III) logistic costs of own wood vs market wood. To monitor and predict vulnerable areas, an application study of the Monte Alegre Formula was executed under historical data of relative humidity, average temperature and precipitation of Telêmaco Borba in order to discover the percentage of days of each year in which the planted area in the region was at high or very high risk; Extrapolation of the data made it possible to verify, from the trends of temperature increase and precipitation reduction, the percentage of days in the year 2035 under high and very high fire risk; Premise of similar behavior was adopted for other company's forest areas.

Klabin has made Investments in fire-fighting structures. For example, in Monte Alegre Farm - PR. Klabin had 21 monitoring towers covering approximately 200,000 ha of forests. Seeking to improve the management of its actions, in order to meet the expansion of the forestry unit, the project to install new surveillance towers was approved at the end of 2020 and built in 2021. This project provides the following benefits (I) Construction of 18 towers with height up to 60 meters (as remaining towers will be deactivated); range of high-definition cameras (25 km away), increasing coverage to approximately 320,000 ha; (II) Automatic monitoring with cameras in an operations center where they are directed as images and processed for automatic detection of events and their location, to trigger the control teams; (III) In addition, other functionalities can be added to the project with synergy gains not accounted for in the project, such as detection of forest anomalies (eg detection of forest anomalies) and monitoring of heritage.

### F3.1b

#### (F3.1b) For your disclosed forest risk commodity(ies), provide details of risks identified with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.

##### Forest risk commodity

Timber products

##### Type of risk

Chronic physical

##### Geographical scale

State or equivalent

##### Where in your value chain does the risk driver occur?

Direct operation

##### Primary risk driver

Temperature variability

##### Primary potential impact

Change in revenue mix and sources

##### Company-specific description

Climate change can have an impact on the company's planted forests (pines and eucalyptus) by generating loss of productivity. Klabin has a complete study on current and future climate conditions and the impact of climate change in its forestry operation regions. Klabin's owned and managed planted forest areas were approximately 273,000 ha - 200,000 ha in Paraná; 66,000 ha in Santa Catarina; 6,700 ha in São Paulo states of Brazil.

The analysis of climatic variables was based on (i) climatic history of the region (1981-2010) and (ii) reference scenarios on emissions (RCP 8.5) of greenhouse gases for climate models - HadGEN2-ES. Climatology studies were generated for the scenarios HadGEN2 of 2011-2020, 2021-2030 and 2031-2040. Main climatic risks evaluated were intense drought frequency, temperature, evapotranspiration and water deficit in planted forests.

Results show a general tendency of temperature increase (0.32 °C per decade) in the regions considered. Temperature increase with low change in the rain distribution regime may imply an increase of evapotranspiration/risk of water deficit. This is related to decrease in wood production explained by the SPFA (System soil-plant-atmosphere): under water stress, plants reduce the stoma opening to reduce transpiration, however, photosynthesis is interrupted and impacts tree growth. The annual average loss of productivity (ton of wood) predicted until 2035 is 3% for eucalyptus and 5% for pine, if no measures are taken.

**Timeframe**

1-3 years

**Magnitude of potential impact**

High

**Likelihood**

Likely

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact (currency)**

39187356

**Potential financial impact figure - minimum (currency)**

&lt;Not Applicable&gt;

**Potential financial impact figure - maximum (currency)**

&lt;Not Applicable&gt;

**Explanation of financial**

Climate change could have an impact on the company's forestry productivity. Around 70% of the wood consumed by the company comes from the company's own pine and eucalyptus forests and planted forest with partnership contract. Klabin has a study that indicates in the period from 2020 to 2050, what will be the impact on productivity, that is, on the loss of wood. In this period, the annual average loss of productivity (ton of wood) will be 3% for eucalyptus and 5% for pine - if no measures are taken.

The 3% of Klabin's average annual wood production represents around 179,035 tonnes of eucalyptus; and 5% of Klabin's average annual wood production represents around 192,601 tonnes of pine. In order to understand the financial impact, the company adopted the scenario of buying wood in the market/suppliers to replace the wood that can stop being produced due the impact of climate change. In this context was considered the price of buy wood in the last six month - YTD: BRL 92.80 per eucalyptus tonne and BRL 117.20 per pine tonne. It is a replacement cost approach.

179,035 tonnes of eucalyptus versus BRL 92.80 = BRL 16,614,519

192,601 tonnes of pines versus BRL 117.20 = BRL 22,572,837

Thus it is potential that climate change may impact Klabin's forest productivity with an annual average cost of wood loss of about BRL 39,187,356 - if no measures are taken.

**Primary response to risk**

New product/technology development

**Description of response**

Klabin specific studies show a general tendency of temperature increase (0.32 °C per decade) in the regions considered (PR, SP and SC states). The set of climate changes (water availability and temperature) indicates scenarios of impact on planted forests growth. In the period of 2020-2035, annual average loss of productivity (ton of wood) will be 3% for eucalyptus and 5% for pine, if no measures are taken. Klabin's Forest P&D Department develops activities in Ecophysiology, Soils, Forest Nutrition and Pest Control. All lines of research work directly/indirectly to develop solutions to mitigate climate change impacts on forest production. The department is also responsible for the Climate Scenarios. For this, it works with a data model related to exposure to climatic parameters, evaluating the impact of changes in planted forests, and recommending the necessary measures in case of adverse effects. As one of the results, studies for pine genetic improvement for climate changing are being developed. Klabin forests are historically planted in South of Brazil with Pinus taeda, a subtropical species from southeast United States. Considering the climate change projections for the region, the research team are working to develop pine species more adapted to warmer conditions. Using tree breeding techniques, Pinus maximinoi, a species from Central America, was genetic improved. Wood production with this new specie is showing up to 20% increase comparing with P. taeda in some regions.

**Cost of response**

3669666

**Explanation of cost of response**

In 2021, Klabin made an investment of approximately R\$ 3,669,666 in forestry research linked with climate change and forest impact. All lines of forestry research work directly or indirectly to develop solutions to mitigate the impacts of climate change on forest production. For more details, it is possible to mention the example of the phytosanitary line, with an investment of R\$ 627,190, which investigates the plant protection against pests and diseases. In this development, for example, it is considered that pests and diseases will be intensified due to climate change. Another line that can be used as an example is biotechnology and genetic improvement, with investments around R\$ 2,395,660 develops clones of pine and eucalyptus aiming at greater forest production, but also materials that are more resistant to the impacts of climate change.

**F3.2****(F3.2) Have you identified any forests-related opportunities with the potential to have a substantive financial or strategic impact on your business?**

	Have you identified opportunities?
Timber products	Yes
Palm oil	<Not Applicable>
Cattle products	<Not Applicable>
Soy	<Not Applicable>
Other - Rubber	<Not Applicable>
Other - Cocoa	<Not Applicable>
Other - Coffee	<Not Applicable>

**F3.2a**

**(F3.2a) For your selected forest risk commodity(ies), provide details of the identified opportunities with the potential to have a substantive financial or strategic impact on your business.**

**Forest risk commodity**

Timber products

**Type of opportunity**

Efficiency

**Where in your value chain does the opportunity occur?**

Direct operation

**Primary forests-related opportunity**

Cost savings

**Company-specific description & strategy to realize opportunity**

For 123 years, Klabin adopts a sustainable development management. It seeks to integrate a responsible growth, combining profitability, social development, and environmental commitment. The company was the first in the pulp and paper sector in the South Hemisphere to obtain, in 1998, the FSC® certification. In 2017, Paraná unit also won PEFC/Cerflor certificate.

The forest base is one of its most important assets. The company is pioneer in forest management in mosaic form - a system that merges planted forests in different ages of pine and/or eucalyptus and native forests. Mosaic management contributes to conservation of water resources and biodiversity.

In 2021, the own production in Paraná was 16,389 tons; 22 harvest modules operating. Forest Transportation is responsible for the link between the Forest Area and Fabric; hence the Road team is responsible for the construction and maintenance of the roads through which the transport will transit in the forest areas.

There is a project to create a new concept of road-opening planning. The challenge is to allocate the roads at strategic points. Briefly, when the forests were mainly composed by more than 20 years, with a larger diameter, and the harvesting machines capacity were limited, the road density was much higher, to enable them to get closer to the wood piles; now, the new concept is to open a strategic road, to where the piles will be directed. In this way, Klabin will have a decrease in road density.

Besides, using technologies such as LiDAR for mapping of soil fragility (executed by our specialist team) and KplanR (a software developed by Klabin) to simulate different scenarios of how the extraction will behave in the road network and how this will affect the operation costs. A lower cost is foreseen for maintenance of roads and minimization of possible environmental impacts – erosion and streams sedimentation - i.e. soil loss.

**Estimated timeframe for realization**

Current - up to 1 year

**Magnitude of potential impact**

High

**Likelihood**

Likely

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

35000000

**Potential financial impact figure – minimum (currency)**

<Not Applicable>

**Potential financial impact figure – maximum (currency)**

<Not Applicable>

**Explanation of financial impact figure**

From the analyses of harvesting plan executed by Klabin's Planning team in Paraná unit, the possibility to achieve a reduction of 30 m/ha of road density was identified. In 2021, the goal was to convert 200 hectares in productive area, exactly done. The expectation is to convert another 200 hectares in 2022 and the next 2 to 3 years. Klabin has already converted 450 hectares in 2 years. This goal will yield an opportunity cost of R\$35 million of land acquisition, at least.

1 hectare = R\$35,000 (average land cost in Parana state)

1,000 hectares is the project expectation (200 hectares/year in 5 years)

$1,000 \times 35,000 = 35,000,000$

Besides that, reforestation of uncovered areas has the potential to contribute to carbon sequestration. Using as base the value of 150 tCO<sub>2</sub>eq / ha calculated according to the CO<sub>2</sub> sequestration of planted forests in relation to a total area that a Klabin has (Brazilian GHG Protocol Metodology used). As we have the potencial of 1,000 hectares to be converted;  $1,000 \times 150 = 150,000$  tCO<sub>2</sub>eq.

---

## F4. Governance

---

### F4.1

**(F4.1) Is there board-level oversight of forests-related issues within your organization?**

Yes

---

#### F4.1a

---

**(F4.1a) Identify the position(s) of the individual(s) (do not include any names) on the board with responsibility for forests-related issues.**

Position of individual	Please explain
Board Chair	Klabin is a Pulp and Paper company. Guarantee of supplying factories with traceable raw materials (wood) is essential for business sustainability. Klabin has its own and managed (leased and partnership) forest production of eucalyptus and pine, equivalent to 284k thousand hectares distributed in Paraná, Santa Catarina and São Paulo states. Therefore, forest-related issues are a big concern for Klabin's executives, investor and especially for the board chair. In 2021, forestry expansion was the agenda of five (out of six in total) ordinary meetings. As all responsibility towards the forest-related topics are shared, all strategic decisions are made between the executive and approved by the board chair. Such as investment approval of R\$ 388 MM in forestry operations to meet the demand for wood in industrial units, in 2021. Forest demand and production, as well as a solid plan to map potential risks to maintain sustainable management of forests is considered in the agendas of the board.
Board-level committee	Klabin maintains as its main governance instruments the General Shareholders' Meeting, the Board of Directors, Advisory Committees, the Fiscal Council and the Executive Board. These bodies operate in complete synergy to establish Company's guidelines, always aiming at achieving better sustainable results. There are 3 Advisory Committees (People, Sustainability and Audit & Related Parties), with the aim to evaluate, vote and express opinions on the attributions and responsibilities defined in accordance with their respective Regulations, approved by the Board of Directors. Sustainability Committee has the Executive Director of Industrial Technology and Sustainability as sponsor; the Sustainability and Environment Executive Manager as technical advisor; and it is also compound of directors from the following areas: Industrial paper; Forestry; Legal, Integrity and Risk Management, People and Corporate Services. In 2021, forest-related issues were in the agenda of all (four) meetings.
Chief Sustainability Officer (CSO)	As stated, Klabin's value chain is intricately connected with its forestry plantation and management. The CEO is constantly aware of forest-related issues and reports directed to Klabin's CEO are done frequently (more than quarterly). In addition, Klabin has a Chief Sustainability Officer (CSO), the Executive Director of Industrial Technology and Sustainability. He has responsibilities over Sustainability, Innovation and ESG (Environmental-Social-Governance) matters, which includes Forests and its related studies, impacts and opportunities. Alongside him, the Environmental and Sustainability Corporate team, with over 70 employees, is also responsible for the day-to-day management of the issue with the responsibility of monitoring global and national climate and biodiversity agendas and mapping their related risks and opportunities. It is worth mentioning that the CSO area and director works closely with the Forestry area, to maintain coherence between daily actions.
Other C-Suite Officer	As Klabin has its own and managed (leased and partnership) forest production of eucalyptus and pine, equivalent to 284 thousand hectares distributed in Paraná, Santa Catarina and São Paulo states to supply raw-material for pulp and paper production, forests related issues are of ultimate importance to all of the Executive Board too. Forest management requires a solid plan and monitoring to map potential risks in maintaining the sustainability of forestry operations (certified by FSC® and PEFC/Cerflor), and the whole value chain (third-party wood suppliers). Forestry Director has total attention on forest-related issues and management, such as planning, operations, production and future demand. Klabin's forests are among the most efficient in the world in terms of the production of pulp per hectare planted. Total area (625 thousand ha) are monitored in real-time, with a solid plan to map the operational impacts and potential risks to maintain the sustainable management of forests.

**F4.1b**

**(F4.1b) Provide further details on the board's oversight of forests-related issues.**

	Frequency that forests-related issues are a scheduled agenda item	Governance mechanisms into which forests-related issues are integrated	Please explain
Row 1	Scheduled - all meetings	Monitoring implementation and performance Overseeing acquisitions and divestiture Overseeing major capital expenditures Providing employee incentives Reviewing and guiding annual budgets Reviewing and guiding business plans Reviewing and guiding corporate responsibility strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding strategy Reviewing innovation / R&D priorities Setting performance objectives	Issues related to forests are part of the organization's core activities, in line with the expansion plan and SDGs. Klabin has a corporate area of Sustainability&Environment, responsible for day-to-day management of national/global climate and biodiversity agendas. Klabin maintains a fixed Sustainability Committee main composed of directors, with the CSO as the sponsor and Sustainability & Environment Executive Manager as the technical advisor. Items related to forest risks and opportunities are fixed agenda in the meetings that occur more than quarterly. In general, all these mechanisms taken into consideration the organization's growth strategy, considering the company expansion plan until 2030. In 2021, Klabin invested R\$ 3,878 million in its operations and expansion projects. Of the total amount, R\$ 388 million was allocated to forestry operations to meet the demand for wood in industrial units.  Annual goals related to forestry issues are established in the Monetary Rewards Program (PPR), with the objective of directing the efforts that each unit will follow that year to ensure its development with operational excellence - production efficiency, profit and sustainability. The PPR Commission monitors this process. One of the forestry indicators refers to the good performance in the Forest Management audit. Each indicator has a different weight (certification weight is 10%) and, according to them, bonus percentage for employees is calculated every six months.

**F4.1d**

**(F4.1d) Does your organization have at least one board member with competence on forests-related issues?****Row 1****Board member(s) have competence on forests-related issues**

Yes

**Criteria used to assess competence on forests-related issues**

Company's management is accomplished by Executive Board and Board of Directors. Company's Board of Directors is composed of a minimum of 13 and a maximum of 18 members, elected and dismissed by the General Meeting, in accordance with the legislation in force, with a unified term of office of one year, reelection being permitted. Among the board members elected, at least 20% must be independent members, as defined in the Level 2 Regulation. The Board of Directors has an Internal Regulation approved in May 2021, which regulates the functioning and competence of the body: establishing the Company's business objectives; oversee the management of directors, elect and dismiss the company's directors, establishing their attributions; observing the provisions of the Bylaws; among others.

Klabin has three non-statutory advisory committees to Board of Directors, created in October 2020, which are permanently linked to it: Audit and Related Parties; People; and Sustainability Committees. Such committees are formed, individually, by three members, elected by the Company's Board of Directors for a term of office of one year; reelection being permitted. The attributions and operating rules of Klabin's Committees are provided for their respective Internal Regulations, which are available for consultation on Company's IR website (<https://ri.klabin.com.br/en/corporate-governance/bylaws-codes-and-policies/>).

Composed of three members with competence on forests-related issues, elected by the Company's Board of Directors, the Sustainability Committee must have the expertise to identify/assess forest-related risks as a criteria to address the following matters:

- Recommend and monitor adoption of best standards for sustainable development;
- Recommend guidelines for the creation and/or adherence by the Company to institutional campaigns related to environmental or social issues;
- Assess market opportunities or new business formats to strengthen the Company's sustainable growth strategy and recommend to the Board of Directors; etc.

**Primary reason for no board-level competence on forests-related issues**

&lt;Not Applicable&gt;

**Explain why your organization does not have at least one board member with competence on forests-related issues and any plans to address board-level competence in the future**

&lt;Not Applicable&gt;

**F4.2****(F4.2) Provide the highest management-level position(s) or committee(s) with responsibility for forests-related issues (do not include the names of individuals).**

Name of the position(s) and/or committee(s)	Responsibility	Frequency of reporting to the board on forests-related issues	Please explain
Chief Executive Officer (CEO)	Both assessing and managing forests-related risks and opportunities	More frequently than quarterly	Klabin is a Pulp & Paper company. Guarantee of supplying factories with reliable raw materials (wood) is essential for business sustainability. Klabin has its own and managed forest production of eucalyptus and pine (284,000 ha) distributed in PR, SC and SP states. Therefore, forest-related issues are a big concern for Klabin's CEO. Klabin's CEO, the highest executive level in the decision-making process, is briefed on all issues discussed in all groups and attend some of the meetings in accordance with sensitivity of the issues. Klabin has Permanent Committees to manage material issues. Sustainability Committee has the Executive Director of Industrial Technology and Sustainability as sponsor and the Sustainability and Environment Executive Manager as technical advisor. In 2021, forest-related issues were in the agenda of all (four) meetings. Klabin has an important commitment to decarbonization. Planted and native forests under the company's management have an important influence on Klabin's carbon balance. All potential risks being brought by climate change to forest-based businesses encouraged the positioning of Klabin's CEO as Latin American Climate-related issues' Ambassador, which made him the only executive that has been part of a COP 26's Panel, in 2021.
Chief Sustainability Officer (CSO)	Both assessing and managing forests-related risks and opportunities	More frequently than quarterly	The Executive Director of Industrial Technology and Sustainability, the CSO-Chief Sustainability Officer is the sponsor of the Sustainability Committee. The committee is also compound of directors from the following areas: (i) Industrial Paper; (ii) Forestry; (iii) Legal, (iv) Integrity and Risk Management, (v) People and Corporate Services. The CSO is responsible for ESG(Environmental-Social-Governance) matters, which includes Forests and its related studies, impacts and opportunities. Alongside him, the Environmental and Sustainability Corporate team, with over 70 employees, is also responsible for the day-to-day management of the issue with the responsibility of monitoring global and national biodiversity agendas and mapping their related risks and opportunities. It is worth mentioning that the CSO area and director works closely with the Forestry area, to maintain coherence between daily actions.

**F4.3****(F4.3) Do you provide incentives to C-suite employees or board members for the management of forests-related issues?**

	Provide incentives for management of forests-related issues	Comment
Row 1	Yes	Klabin has a monetary rewards program, named PGR, exclusive for leadership positions. To be eligible, leaders have to achieve the company's targets related to forest productivity, R&D findings, impact mitigation, market share's position, ESG assessments performance, and maintaining and improving the FSC® and PEFC/Cerflor certifications (better practices in the sustainable management of forest and the supply chain are required), among others.

**F4.3a**



**(F4.3a) What incentives are provided to C-Suite employees or board members for the management of forests-related issues (do not include the names of individuals)?**

	Role(s) entitled to incentive?	Performance indicator	Please explain
Monetary reward	Board chair Board/Executive board Director on board Corporate executive team Chief Executive Officer (CEO) Chief Financial Officer (CFO) Chief Operating Officer (COO) Chief Sustainability Officer (CSO)	Achievement of commitments and targets Other, please specify (Forest productivity)	Klabin sees in its remuneration practices a way to achieve the alignment of its employees with the company's strategy. Seeking to attract, retain and recognize the performance of each one. Main performance indicators taken into account when determining remuneration are the ICP - short-term incentive: 55% are linked to the EBITDA performance indicator; 15% are linked to the Net Revenue performance indicator; 10% are linked to the Working Capital performance indicator; 20% linked to individual goals contracted at the beginning of each year (PRG program). The payment of the short-term incentive can vary from 0% to 150%, with 100% of salary bonus if targets are on track to be met at the end of the reporting year. In the long term, we strengthen the commitment and convergence of interest between the Company, shareholders and employees, through the ILP Matching programs (based on units (KLBN11) with 3-year vesting) and ILP (generating value for the Company using the indicator as an indicator). TSR (Total Shareholder Return) in relation to the cost of equity (KE). The value corresponds to 25% of the target of the executives' ICP and the vesting is for 5 years). PGR is a monetary reward program exclusive to leadership positions. To be eligible, the leaders have to achieve the company's targets. Klabin has developed guidelines for forest and climate management. Based on those guidelines, managers establish goals in accordance with its own projects. Targets are annually reassessed. One of the items that compose this index is the Klabin Sustainability Index's performance, composed of all Klabin 2030 targets' KPIs. These indicators include the 23 ESG material themes, regarding governance, social and environmental aspects that are directly linked to forest productivity; R&D findings; impact mitigation; market share position; ESG assessments performance; and maintaining and improving the FSC® and Cerflor/PEFC certifications (better practices in the sustainable management of forest and the supply chain are required), community satisfaction rate, among others. In 2021, 17% of c-suite hiried targets related to wood availability. For 2022, all directors have the goals of (I) biodiversity (restoration/reinforcement), (II) certification and (III) hydro-solidarity management as part of the Sustainability Index.
Non-monetary reward	Chief Procurement Officer (CPO)	Supply chain engagement	The procurement area, in line with the sustainability area, have related goals for the sustainability of the business, where criteria related to environment, climate change, social responsibility and labor are linked to the process of evaluation of Klabin's supply chain. These goals directly influence the results of wood reliable purchase, in addition to the correlation between the development of sustainable products with lowest forest risk.

F4.4

**(F4.4) Did your organization include information about its response to forests-related risks in its most recent mainstream financial report?**  
 Yes (you may attach the report – this is optional)

F4.5

**(F4.5) Does your organization have a policy that includes forests-related issues?**  
 Yes, we have a documented forests policy that is publicly available

F4.5a

**(F4.5a) Select the options to describe the scope and content of your policy.**

Scope	Content	Please explain
-------	---------	----------------

	Scope	Content	Please explain
Row 1	Company-wide	<p>Commitment to eliminate conversion of natural ecosystems</p> <p>Commitment to no land clearance by burning or clearcutting</p> <p>Commitment to eliminate deforestation</p> <p>Commitment to remediation, restoration and/or compensation of past harms</p> <p>Commitment to best management practices for soils and peat</p> <p>Commitment to take action beyond own supply chain to tackle environmental issues</p> <p>Commitment to resolving both social and environmental issues in own operations and supply chain</p> <p>Commitment to protect rights and livelihoods of local communities</p> <p>Commitments beyond regulatory compliance</p> <p>Commitment to transparency</p> <p>Commitment to stakeholder awareness and engagement</p> <p>Commitment to align with the SDGs</p> <p>Recognition of the overall importance of forests and other natural ecosystems</p> <p>Description of business dependency on forests</p> <p>Recognition of potential business impact on forests and other natural ecosystems</p> <p>Description of forest risk commodities, parts of the business, and stages of value-chain covered by the policy</p> <p>List of timebound milestones and targets</p> <p>Description of forests-related performance standards for direct operations</p> <p>Description of forests-related standards for procurement</p>	<p>Klabin is a Pulp &amp; Paper company; timber is the main raw material; forests issues are part of the organization's Sustainability Policy. Annually, governance specialists review it and align the content to company's materiality, outlining strategies to establish goals and commitments.</p> <p>Klabin Sustain. Policy consists in 19 items that underpins commitment to sustainable development. It is considered the dimensions of Sustainability in its broadest concept: leadership and governance, environment (considering risk assessment), human capital resources, social capital and innovation. Defined as Top Stakeholder Groups: direct and indirect employees, shareholders, communities, biodiversity, business partners (customers), public bodies, financial entities and third sector, among others. So it is expected from representatives the adoption of commitments and similar conduct, in order to promote sustainable development throughout the value chain.</p> <p>Sustain. Report and Forest Management Plan are annually updated and available on Klabin's website. These two documents disclosure Klabin efforts aligned to Sustain. Policy - compliance with Klabin Agenda based on UN SDGs (4th item); best practices on forest management (12th item); and monitoring of suppliers (16th item).</p> <p>The 12th item is "Ensure supply of planted wood for its industrial units in a sustainable manner, without harming the natural ecosystems associated with their own and partners operations". Certified since 1998 by FSC®, Klabin is pioneer on mosaic management based on "hidrosolidarity". Operational efficiency is ensured while preserves water resources and biodiversity present in Atlantic Forest (predominantly biome). Native areas for conservation represents 42%. FSC is recognized by stakeholders; composed by 10 principles: regulatory compliance; local/traditional communities rights; risk management; efficient ecosystem services management (including conservation, restoration and mitigation of negative environmental impacts). Klabin also is committed to 100% CoC certification. Suppliers must comply with Klabin principles. Wood Purchase Policy is complementary to Sustain. Policy. These two documents boost suppliers monitoring and do not allow Klabin negotiation with legally non-compliant suppliers (related to deforestation, i.e.). Klabin's wood suppliers are distributed thruout PR, SC, SP, RS states of Brazil.</p>

(F4.5b) Do you have commodity specific sustainability policy(ies)? If yes, select the options that best describe their scope and content.

	Do you have a commodity specific sustainability policy?	Scope	Content	Please explain
Timber products	Yes	Company-wide	<p>Commitment to eliminate conversion of natural ecosystems</p> <p>Commitment to no land clearance by burning or clearcutting</p> <p>Commitment to eliminate deforestation</p> <p>Commitment to remediation, restoration and/or compensation of past harms</p> <p>Commitment to protect rights and livelihoods of local communities</p> <p>Commitments beyond regulatory compliance</p> <p>Commitment to transparency</p> <p>Commitment to best management practices for soils and peat</p> <p>Commitment to take action beyond own supply chain to tackle environmental issues</p> <p>Commitment to resolving both social and environmental issues in own operations and supply chain</p> <p>Commitment to stakeholder awareness and engagement</p> <p>Commitment to align with the SDGs</p> <p>Recognition of the overall importance of forests and other natural ecosystems</p> <p>Description of business dependency on forests</p> <p>Recognition of potential business impact on forests and other natural ecosystems</p> <p>Description of forest risk commodities, parts of the business, and stages of value-chain covered by the policy</p>	<p>Klabin is a Pulp &amp; Paper company; timber is the main raw material; forests issues are part of the organization's Sustainability Policy. Annually, governance specialists review it and align the content to company's materiality, outlining strategies to establish goals and commitments.</p> <p>Klabin Sustain. Policy consists in 19 itens that underpins commitment to sustainable development. It is considered the dimensions of Sustainability in its broadest concept: leadership and governance, environment (considering risk assessment), human capital resources, social capital and innovation. Defined as Top Stakeholder Groups: direct and indirect employees, shareholders, communities, biodiversity, business partners (customers), public bodies, financial entities and third sector, among others. So it is expected from representatives the adoption of commitments and similar conduct, in order to promote sustainable development throughout the value chain.</p> <p>Sustain. Report and Forest Management Plan are annually updated and available on Klabin's website. These two documents disclosure Klabin efforts aligned to Sustain. Policy - compliance with Klabin Agenda based on UN SDGs (4th item); best practices on forest management (12th item); and monitoring of suppliers (16th item).</p> <p>The 12th item is "Ensure supply of planted wood for its industrial units in a sustainable manner, without harming the natural ecosystems associated with their own and partners operations". Certified since 1998 by FSC®, Klabin is pioneer on mosaic management based on "hidrosolidarity". Operational efficiency is ensured while preserves water resources and biodiversity present in Atlantic Forest (predominantly biome). Native areas for conservation represents 42%. FSC is recognized by stakeholders; composed by 10 principles: regulatory compliance; local/traditional communities rights; risk management; efficient ecosystem services management (including conservation, restoration and mitigation of negative environmental impacts). Klabin also is committed to 100% CoC certification. Suppliers must comply with Klabin principles. Wood Purchase Policy is complementary to Sustain. Policy. These two documents boost suppliers monitoring and do not allow Klabin negotiation with legally non-compliant suppliers (related to deforestation, i.e.). Klabin's wood suppliers are distributed thru PR, SC, SP, RS states of Brazil.</p>

	Do you have a commodity specific sustainability policy?	Scope	Content (timebound commitments and targets) Description of	Please explain
			forests-related performance standards for direct operations Description of forests-related standards for procurement	
Palm oil	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Cattle products	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Soy	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>

#### F4.6

**(F4.6) Has your organization made a public commitment to reduce or remove deforestation and/or forest degradation from its direct operations and/or supply chain?**

Yes

#### F4.6a

**(F4.6a) Has your organization endorsed any of the following initiatives as part of its public commitment to reduce or remove deforestation and/or forest degradation?**

Other, please specify (FSC® certification; United Nations' SDG)

#### F4.6b

**(F4.6b) Provide details on your public commitment(s), including the description of specific criteria, coverage, and actions.**

**Forest risk commodity**

Timber products

**Criteria**

No conversion of natural ecosystems  
Zero gross deforestation/ no deforestation  
Zero net deforestation  
Restoration and compensation to address past deforestation and conversion  
Avoidance of negative impacts on threatened and protected species and habitats  
No trade of CITES listed species  
No land clearance by burning or clearcutting  
No conversion of High Conservation Value areas  
No conversion of High Carbon Stock forests  
Collaborate in landscapes/jurisdictions to progress shared sustainable land use goals  
Secure Free, Prior and Informed Consent (FPIC) of indigenous people and local communities  
Adoption of the UN International Labour Organization principles

**Operational coverage**

Direct operations and supply chain

**% of total production/ consumption covered by commitment**

100%

**Cutoff date**

1998

**Commitment target date**

2026-2030

**Please explain**

All selected criteria are covered as part of Klabin's Sustainability Policy, Forest Certification guidelines and UN Sustainable Development Goals. The organization is committed to continuously compliance them. Klabin forests are FSC® certified since 1998; and Paraná's unit PEFC/Cerflor certified since 2017. Klabin is committed to 100% coverage of Chains of Custody and controlled wood/due diligence system to ensure the legal and responsible wood sources. These certifications are internationally recognized in the forest business, including as a performance evaluation tool. They attest no conversion of natural habitats after 1994; no deforestation or forest degradation; no land clearance by burning or clearcutting; preservation and monitoring of High Conservation Value Areas; among others forest environmental and social related issues.

In order to meet these criteria throughout the entire value chain, Klabin is constantly investing in technologies to map and monitor forest risks. Some tools used by GIS team: (i)temporal analyzes from Landsat 1994 images, to identify conversion of forests; (ii)satellite monitoring, which allows environmental assessment of PPAs and LRs in accordance with Brazilian Forest Code; (iii)official data bases (FUNAI, i.e.) for mapping rural/traditional communities near of forestry operation; (iv)monitoring deforestation alert by using Map Biomas tool.

Besides technologies, Klabin also invests in environmental and social programs to assist partner producers adopt good management practices (Suppliers Certification Program) and environmental adequacy (Legal and Social Forest). Furthermore, it invests in training of its own team to ensure the continuous improvement of company's processes.

Main results correlated to the commitments are:

-No conversion and no deforestation: in 2021, Forest Suppliers Certification Program certified 142 k ha in Paraná and Santa Catarina states. The aim is to assist properties' land use adequacy and prevent deforestation.

-Restoration and compensation to address past deforestation: by 2021, 1,6M native forest seedlings donated and more than 21,000 hectares demarcated for restoration and preservation in partners' properties. The aim is to contribute to landscape ecology restoration where the company operates.

-FPIC: Klabin maintains a transparent and close dialogue with communities (local and traditional). In 2019, 15 Klabin's representatives received a training on FPIC. In 2020, a pilot project has been started in a Quilombola community, located in Curiuva, Paraná state. Pilot project is being used as a reference for implementation of FPIC concept in the company.

-Compensation to address past deforestation and conversion: in 2021, Klabin intensified control of exotic species (i.g. pine) to mitigate biodiversity risk. Exotic invasive species are a big concern to native ecosystems, because it competes for natural resources with native species and takes over natural areas. To avoid its dispersion and to restore native areas, Klabin has field-workers responsible for control those species. In 2021, more than 183.85 km² were controlled.

---

## F5. Business strategy

---

### F5.1

---

**(F5.1) Are forests-related issues integrated into any aspects of your long-term strategic business plan, and if so how?**

	Are forests-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	Yes, forests-related issues are integrated	>30	<p>Klabin is a pulp and paper company, driven by innovation to meet global demand for sustainable products as an alternative to minimize the need for fossil materials. Klabin holds a forest-based with more than 625,000 ha (Klabin's disclosed commodity).</p> <p>To cater the demand to supply industrial growth foreseen in the company's strategic roadmap, Strategic Forestry Planning programs the activities involved in the wood production process through analytical techniques, aiming at the lowest operational cost and the best management option in a sustainable way for the company. The time horizon of 30 years is used so that it is possible to analyse a minimum of 2 cycles of pine harvesting and/or 4 cycles of eucalyptus harvesting.</p> <p>Remsoft software is used to generate the long-term wood supply plan to determine productive area expansion and need to purchase wood. The following variables are inserted: factory demand; forest register; and production tables and the placement of some restrictions such as: expansion area limits and wood purchase limits. There are in each scenario of the results analyzed: level of self-sustainability; purchase of wood; installation program; age of harvest; distance from the factory; among others. These results are defined according to the expansion scenario that is being studied, which depends on the year of entry of the new units and the product that will be manufactured.</p> <p>In 2019, Klabin released the Puma II project in Ortigueira - Paraná state, which comprises the construction of two paper packaging machines (kraftliner), for integrated pulp production and a total capacity of 920 million tons of paper production. In this sense, forest-related issues in business objectives is to meet the demand for wood to supply the factory. The strategy adopted was to invest in the expansion and restructuring of Forest Fostering Program, now knowing as "Plant with Klabin". In this new format, the program offers the guarantee of a minimum price for wood, which brings reliability to partner producers. About R\$16 MM was invested in Plant with Klabin (2020 and 2021); 3.6 k hectares was established; and 70 new partnerships were signed in Paraná state.</p>
Strategy for long-term objectives	Yes, forests-related issues are integrated	>30	<p>Klabin's revenue depends on Pulp and Paper production. Timber is the main raw material for this production. Consequently, the revenue depends on the availability of raw material meet the process demands. Therefore, the strategic for long-term objectives business is also the strategic plan for wood supply. Wood production chain, aiming the sustainability of the process, involves stages that range from the production of seedlings (pine and eucalyptus), soil preparation, planting and maintenance of forests for harvesting and transporting to the factories in order to meet their consumption demand.</p> <p>Studying a 30-year horizon is very important because it is directly related to the company's sustainability strategy, where premises for the coming years will be defined, directly linked to the issues of expanding the production area and wood purchasing volumes, as well as expansion scenarios studies.</p> <p>The strategic plan for wood supply was prepared based on the study of supply and demand conducted in 2018. In this study it was possible to identify the stock of the current cycle of wood, which corresponds to 7 years for eucalyptus and 15 years for pine. The result showed that there is a sufficient volume of wood in the region and allowed the identification of pasture areas with potential for forest production that exist within a radius of 150 km from our manufacturing units. This study is performed biannually, in 2020 it was realized, and stock of raw material for another 15 years was analysed, showing a positive result for the company.</p> <p>Simultaneously with the wood supply strategy, Klabin also considers development strategies for responsible land use. Since 2015, Klabin has supported the certification of its suppliers in order to guarantee a sustainable source of raw material and add value to regional production. In 2021, there were about 300 certified suppliers, equivalent to 141,500 hectare certified. Klabin invested R\$2 MM in the Suppliers Certification Program.</p>
Financial planning	Yes, forests-related issues are integrated	>30	<p>Our entire business depends upon the availability of sustainably raw materials sufficient for the production demand of cellulose and paper. In order to ensure our financial commitments and expansion expectations, financial planning is considered for our business sustainability. Klabin's financial planning consists of maintaining adequate debt levels. Part of the land acquisition/leasing and plantations are being made through partnerships (SPVs – Special Purpose Vehicles) with third parties. This strategy offers Klabin the preferential right to purchase the wood produced by the SPVs, among other typical rights granted to controlling shareholders of a company of this type. Since 2018, Klabin has already developed 4 SPVs among the States of Paraná and Santa Catarina, being Project Guaricana (R\$ 192 MM<sup>1</sup>), Project Sapopema (R\$ 570 MM<sup>1</sup>), Project Figueira (11 thousand hectares of planted forest and 7 thousand hectares of land - useful area) and Project Aroeira (R\$ 500 MM<sup>1</sup>). One of the expected outcomes is the acquisition and leasing of approximately 19,500 hectares of effective planting, as well as the financing of planting, substantially of pine through the resources contributed to the Aroeira Project.</p> <p>1- Amount invested by the third parties.</p>

## F6. Implementation

### F6.1

**(F6.1) Did you have any timebound and quantifiable targets for increasing sustainable production and/or consumption of your disclosed commodity(ies) that were active during the reporting year?**

Yes

#### F6.1a

**(F6.1a) Provide details of your timebound and quantifiable target(s) for increasing sustainable production and/or consumption of the disclosed commodity(ies), and progress made.**

**Target reference number**

Target 1

**Forest risk commodity**

Timber products

**Type of target**

Third-party certification

**Description of target**

Klabin is a forest-based company with more than 625 thousand hectares based on responsible management. FSC® certified since 1998. Nowadays, it is able to supply 58% of raw material used for process; considering owned and partnership sources, such as SPVs – Special Purpose Vehicles (Klabin has the preferential right to purchase the wood produced; among other typical rights granted to controlling shareholders of a company of this type). About 42% refers to wood purchased from certified and controlled wood suppliers. Klabin is committed to 100% coverage of FSC chains of custody and controlled wood/due diligence system to ensure the legal, social and environmental responsible wood sources. However, to ensure a long-term supply it is interesting for the company the transition of suppliers from Controlled Wood to FSC® Certificated. Therefore, Klabin actively works to help the smallholders to achieve the certification through technical approach in the Certification Program, since 2015.

**Linked commitment**

No conversion of natural ecosystems

**Traceability point**

<Not Applicable>

**Third-party certification scheme**

FSC Forest Management certification

**Start year**

2020

**Target year**

2030

**Quantitative metric**

&lt;Not Applicable&gt;

**Target (number)**

&lt;Not Applicable&gt;

**Target (%)**

100

**% of target achieved**

71

**Please explain**

Klabin's 2030 target is to have 100% of its wood consumption from certified sources. FSC® is a credible forest certification scheme and widely used in forest sector; recognized by stakeholders as a standard of sustainable management.

The company seeks to have complete control over the origin of raw material, and uses documentation and digital GIS maps to track the wood flows from the forest to the mill; to secure 100% traceability, Klabin also conducts field audits in suppliers' properties.

The target to 100% certified wood was set in 2019, but it is important to mention that the action plan to turn the target achievement possible has started in 2015 with the Forest Suppliers Certification Program in Paraná and in 2017 in Santa Catarina state. The encouragement to wood suppliers to get certification led to the result of 282 farmers with official recognition by FSC®; more than 141.5 thousand ha certified in 2021. The number has increased 15 times from the start figure, which is a positive result.

In 2021, Klabin also launched a new approach to ensure in a long-term supply the transition from Controlled Wood to FSC® Certificated suppliers: "Plant with Klabin" Program. It is a program for small, medium and large rural producers. They are invited to participate in the company's forest expansion process through the cultivation of pine and eucalyptus. Producers receive free technical assistance and the guarantee of the minimum purchase price of the ton of wood, with the proviso to certify their properties, provided for in the contract. More than 4 thousand hectares and 83 new signed partnerships in Paraná and Santa Catarina states (2020 and 2021).

In 2021, Klabin purchased 5,4 MM tons of wood from third-party suppliers; 71% of it were certified raw materials. In 2020, 67% of the amount purchased were from certified sources. The target is to exponential increase 4-5% per year the consumption of certified wood (ton). The goal is to reach 79% in 2025 and 100% in 2030.

Note: it is not possible to disclose the target in number (consumption volume), because this information refers to organization's expansion strategy. Its disclosure could harm the company's competitive potential.

**Target reference number**

Target 2

**Forest risk commodity**

Timber products

**Type of target**

Ecosystem restoration

**Description of target**

The first step to environmental preservation is to preserve standing forests, in order to expand genetic heritage and contribute to the carbon stock. Since conservation/preservation of standing forests are a premise of Klabin's business plan – pioneer in adopt the mosaic concept management (42% of total forestry area refers to native forest for conservation). Next stage is to make investments to contribute to the enrichment of forests in initial stage and restoration of degraded areas. A positive effect on the landscape ecology of Klabin's operations influence region is expected. Efforts have been applied for some years now. From 2005 to 2020, Legal and Social Forests programs donated over 1 million seedlings for environmental adequacy of small and medium-sized properties in Paraná and Santa Catarina states. Klabin is committed to planting/donating more 1 million seedlings by 2030 (counting from 2020) to continue contributing to SDG 15.

**Linked commitment**

Zero net/gross deforestation

**Traceability point**

&lt;Not Applicable&gt;

**Third-party certification scheme**

&lt;Not Applicable&gt;

**Start year**

2020

**Target year**

2030

**Quantitative metric**

Absolute number

**Target (number)**

1000000

**Target (%)**

&lt;Not Applicable&gt;

**% of target achieved**

18

**Please explain**

Klabin's 2030 target is to preserve, restore and improve the environmental quality of natural areas (PPAs and LRs) in the company's operation region of influence. This commitment is available on [kods.klabin.com.br](https://kods.klabin.com.br) website.

"Legal Forests" and "Social Forests" programs are a partnership between Klabin and Apremavi, a non-profit Public Interest Civil Society Organization. "Legal Forests" program has existed in Santa Catarina forest unit since 2005 and in Paraná since 2008. In Paraná, it served as an inspiration for creation of "Social Forests" in 2015. This program also has a partnership with the Brazilian Service of Support to Micro and Small Enterprises (Sebrae), which works to strengthen family agriculture.

Currently, Klabin uses technologies, such as satellite and drone images, to assessment and monitoring of areas. The goal is to keep up with advances and continually improve the processes in order to obtain quality data for decision-making, for example: the priorities areas for restoration. From that, Klabin foresees investments in the implantation of seedlings of native species in parallel with practices for conducting regeneration. The goal began to be measured in 2020 aligned with UN Decade of Ecosystem Restoration. It reached 18% – 181,851 seedlings planted/donated in own and third-party areas (2020 and 2021); 90% in small and medium producers' properties (181,851 / 1,000,000 = 0,18).

The premise was to donate 100,000 seedlings per year. The result in 2020 is explained by the stoppage of activities due to Covid 19's precaution (66,000 seedlings). With the normalization of activities, in 2021, Klabin has donated 115,780 seedlings. It make possible to achieve the final target in 2030.

It is also important to mention that Klabin's technicians participate of SIF's Restoration Technical Group. SIF (Society for Forest Investigations) is a partnership between the Federal University of Viçosa (UFV) and the main forestry companies in Brazil, to support the development of research and professional qualification through scientific basis. Therefore, Klabin seeks continuous improvement in landscape restoration and monitoring techniques.

---

#### Target reference number

Target 3

#### Forest risk commodity

Timber products

#### Type of target

Traceability

#### Description of target

Klabin is a forest-based company with more than 578,000 hectares based on responsible management. FSC® certified since 1998. Nowadays, it is able to supply more than 70% of raw material used for process; considering owned and partnership sources, such as SPVs – Special Purpose Vehicles (Klabin has the preferential right to purchase the wood produced; among other typical rights granted to controlling shareholders of a company of this type). About 30% refers to wood purchased from certified and controlled wood suppliers. Klabin is committed to 100% coverage of FSC chains of custody and controlled wood/due diligence system to ensure the legal, social and environmental responsible wood sources. However, to ensure a long-term supply it is interesting for the company the transition of suppliers from Controlled Wood to FSC® Certificated. Therefore, Klabin actively works to help the smallholders to achieve the certification through technical approach in the Certification Program, since 2015.

#### Linked commitment

No conversion of natural ecosystems

#### Traceability point

Forest management unit

#### Third-party certification scheme

<Not Applicable>

#### Start year

2020

#### Target year

2030

#### Quantitative metric

<Not Applicable>

#### Target (number)

<Not Applicable>

#### Target (%)

100

#### % of target achieved

71

#### Please explain

Klabin's 2030 target is to have 100% of its wood consumption from certified sources, to ensure a long-term supply and the best traceability. FSC® is a credible forest certification scheme and widely used in forest sector; recognized by Klabin's stakeholders as a sustainable management standard. Klabin has a due diligence system for raw materials supplied without certification, guided by the FSC Controlled Wood procedure.

In 2021, 709 audits were realized; approximately 202 suppliers were evaluated by commercial team. Klabin audits all wood suppliers on a quarterly basis. Even with this verification system assured by CoC certification; to ensure a long-term supply and best traceability, it is interesting for the company the transition of suppliers from Controlled Wood to FSC Certificated. The target to 100% certified wood was set in 2020, but it is important to mention that the action plan to turn it achievement possible has started in 2015 with the Forest Suppliers Certification Program. The encouragement to wood suppliers to get certification led to the result of 282 farmers with official recognition by FSC® in 2021; more than 141.5 k ha certified. The number has increased 16 times from the start figure, which is a positive result.

In 2021, Klabin also launched a new strategic approach: "Plant with Klabin" Program. It is a program for small, medium and large rural producers. They are invited to participate in the company's forest expansion process through the cultivation of pine and eucalyptus. Producers receive free technical assistance and the guarantee of the minimum purchase price of the ton of wood, with the proviso to certify their properties, provided for in the contract. More than 4 thousand hectares and 83 new signed partnerships in PR and SC states (2020-2021).

In 2021, Klabin purchased 5,4 MM tons of wood from third-party suppliers; 71% of it were certified raw materials. In 2020, 67% of the amount purchased were from certified sources. The target is to exponential increase 4-5% per year the consumption of certified wood (ton). The goal is to reach 79% in 2025 and 100% in 2030.

Note: it is not possible to disclose the target in number (consumption volume), because this information refers to organization's expansion strategy. Its disclosure could harm the company's competitive potential.

---

## F6.2



**(F6.2) Do you have traceability system(s) in place to track and monitor the origin of your disclosed commodity(ies)?**

	Do you have system(s) in place?	Description of traceability system	Exclusions	Description of exclusion
Timber products	Yes	<p>Wood purchase invoice registration in the internal company system (SAP) contains (i) supplier's registration code and (ii) origin of the wood as certified or not. Each farm/material has a specific purchase area, which provides reliable control over the origin of the wood. This method ensure the raw material traceability. The control of SAP is the Controllershship responsibility. Meanwhile, field operational is accompanied by audit visits led by the Commercial team. The audit evidence and purchasing documents are maintained for at least 5 years. In 2021, more than 85% of total raw material used for process was certified. 5,4 MM tons of wood from third-party suppliers; 71% of it were certified raw materials. In 2021, 709 audits were realized in Paraná and Santa Catarina; approximately 202 suppliers were evaluated by Klabin's commercial team. Klabin audits all controlled wood suppliers more than quarterly. Working conditions and environmental sustainability are evaluated. Compliance with Brazilian Forest Code and other regulations are considered; and a characterization of the conservation status of the PPAs and the LRs are made qualitatively.</p> <p>Klabin has a documented due diligence system (DDS) for raw materials supplied without FSC® or Cerflor declarations. It allows to be used as controlled raw material. All raw material suppliers are included in the DDS. At least once a year, Klabin performs an internal audit to ensure that the system is being applied correctly.</p> <p>It is important to mention that during 2020/2021, an essential improvement in Klabin's certification system was taken: the development of the new wood control management tool, called KMAD. Implementation is planned for late 2022. Due to the dynamism and complexity of the forestry business, it was identified that the current scale system (SAP) was no longer meeting the growth at the speed required by the business. In this sense, KMAD platform was structured to bring agility, usability and to allow scalability of the Forestry business. It is an intuitive tool, developed with a focus on the user experience and that will enable the creation of new wood tracking scenarios in a more simplified way than in SAP. The platform will have integration with the SAP System and also the mobility of loading. Platform is being strutured in the cloud with storage on Amazon AWS and with the latest technologies.</p>	Not applicable	<Not Applicable>
Palm oil	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Cattle products	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Soy	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>

**F6.2a****(F6.2a) Provide details on the level of traceability your organization has for its disclosed commodity(ies).**

Forest risk commodity	Point to which commodity is traceable	% of total production/consumption volume traceable
Timber products	Forest management unit	100

**F6.3****(F6.3) Have you adopted any third-party certification scheme(s) for your disclosed commodity(ies)?**

	Third-party certification scheme adopted?	% of total production and/or consumption volume certified
Timber products	Yes	100
Palm oil	<Not Applicable>	<Not Applicable>
Cattle products	<Not Applicable>	<Not Applicable>
Soy	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>

**F6.3a****(F6.3a) Provide a detailed breakdown of the volume and percentage of your production and/or consumption by certification scheme.****Forest risk commodity**

Timber products

**Third-party certification scheme**

FSC Chain of Custody

**Chain-of-custody model used**

&lt;Not Applicable&gt;

**% of total production/consumption volume certified**

**Form of commodity**

Hardwood logs  
Softwood logs

**Volume of production/ consumption certified**

12431547

**Metric for volume**

Metric tons

**Is this certified by more than one scheme?**

Yes

**Please explain**

FSC® Chain of custody (CoC) certification guarantees traceability of the raw material in the value chain. About 12, million ton is the total wood consumed in the process, in 2020; 100% FSC certified for chain of custody.

Registration of wood purchase invoice into the internal company system (SAP) contains the supplier's registration number/code; certification flag; and the origin information, that is assigned in blocks. Each farm/material has a specific block, which provides reliable control over the origin/place of harvest of the wood. The updated list of suppliers can be issued by SAP for purchase orders for active wood suppliers. When the supplier ends the harvest, the purchase order of the same is finalized; movements with integration into the scales are impossible. This method ensure the control of the Chain of Custody.

Management of SAP system is the Controllorship responsibility. More than 80% of the total raw material (timber) used in the process refers to FSC Forest Management Certification. Klabin has a documented due diligence system (DDS) for raw materials supplied without FSC® declarations. It allows to be used as controlled raw material.

All wood suppliers are included in the DDS. At least once a year, Klabin performs internal audits and update DDS to ensure the system is being applied correctly. The following operational procedures are used to guide the perform: FCO-PRO-COM-0002 Controlled Wood and FSC® Standards for Chain of Custody; among others.

It is important to mention that in 2020, an essential improvement in Klabin's certification system was taken; the development of the new wood control management tool, called KMAD. Due to the dynamism and complexity of the forestry business, it was identified that the current scale system (SAP) was no longer meeting the growth at the speed required by the business. In this sense, KMAD platform was structured to bring agility, usability and to allow scalability of the Forestry business. It is an intuitive tool, developed with a focus on the user experience and that will enable the creation of new wood tracking scenarios in a more simplified way than in SAP. The platform will have integration with the SAP System and also the mobility of loading. Another positive point is that the platform is being built in the cloud with storage on Amazon AWS and with the latest technologies.

**Forest risk commodity**

Timber products

**Third-party certification scheme**

FSC Forest Management certification

**Chain-of-custody model used**

<Not Applicable>

**% of total production/consumption volume certified**

100

**Form of commodity**

Hardwood logs  
Softwood logs

**Volume of production/ consumption certified**

7018787

**Metric for volume**

Metric tons

**Is this certified by more than one scheme?**

Yes

**Please explain**

Klabin is the first paper and pulp company in Southern Hemisphere to achieve FSC® Forest Management certification, in 1998. FSC® Certification attests to correct forest management, based on ten principles, among them: the efficient use of the multiple forest products and services, well-being of employees and communities, conservation and biodiversity, detailed management plan, monitoring and assessment of environmental and social impacts.

Klabin itself is able to supply more than 50% of total raw material used in the process, which minimizes the risk about reliable wood origin. The amount of 7 million ton refers to owned forests sources. Environmental team performs internal audits to ensure that the management guidelines are being applied correctly in field. Internal operational procedures, which consider FSC® Forest Management principles, are used to guide the operational perform. Each activity has your own procedure considering it best practices and risks (for example, harvesting activity). Forest Quality team is responsible for the governance of the procedures; update and review is applied annually. The following action was taken in 2021 and can be highlighted as important for the improvement in Klabin's certification system: Klabin's participation in national and international associations and organizations as an associate, member of committees and as a member of boards reinforces sustainability governance and the company's commitment to strengthening dialogue. In 2021, the appointment of Klabin in FSC, IBÁ and IPEF committees were fundamental to understand the regulation context inside and outside the company to guide Klabin's business strategy and improve internal process to maintain the exemplary results on third party certification audits. For example, discussions regarding the FSC® Pesticide Policy were fundamental to achieve professional qualification of Klabin's technicians to adapt the procedures to the Environmental and Social Risk Assessment (ARAS). This policy addresses the assessment of the use of pesticides identified as restricted use.

**Forest risk commodity**

Timber products

**Third-party certification scheme**

PEFC Sustainable Forest Management certification

**Chain-of-custody model used**

<Not Applicable>

**% of total production/consumption volume certified**

100

**Form of commodity**

Hardwood logs

Softwood logs

**Volume of production/ consumption certified**  
5535867

**Metric for volume**  
Metric tons

**Is this certified by more than one scheme?**  
Yes

**Please explain**  
Brazilian Forestry Certification Program (Cerflor) is internationally recognized by PEFC. The Certification attests to the sustainable forest management. Paraná unit is both FSC® (since 1998) and Cerflor (since 2017) certified, while Santa Catarina and São Paulo are only FSC® certified. A 100% of owned wood production in Paraná is certified by Cerflor. In 2021, the amount to supply the factories was 5,535,867 tons. This value represents 79% of total Klabin production, considering Santa Catarina and São Paulo units, which do not have the Cerflor certificate.

Considering the total production volume used for the process (PR, SC and SP units) in 2021 = 7,018,787 ton  
And the total production volume Cerflor certified (PR) in 2021 = 5,535,867 ton  
% of total production volume Cerflor certified = 79

Klabin's environmental team performs internal audits to ensure that the management guidelines are being applied correctly in field. Internal operational procedures, which consider Cerflor Forest Management principles, are used to guide the operational perform. Each activity has your own procedure considering it best practices and risks (for example, harvesting activity). Forest Quality team is responsible for the governance of the procedures; update and review is applied annually.  
The following action was taken in 2021 and can be highlighted as important for the improvement in Klabin's certification system: Klabin's participation in national and international associations and organizations as an associate, member of committees or committees and as a member of boards reinforces sustainability governance and the company's commitment to strengthening dialogue. In 2021, the appointment of Klabin in IBÁ and IPEF committees were fundamental to understand the regulation context inside and outside the company to guide Klabin's business strategy and improve internal process to maintain the exemplary results of certification audits.

F6.4

**(F6.4) For your disclosed commodity(ies), do you have a system to control, monitor, or verify compliance with no conversion and/or no deforestation commitments?**

	A system to control, monitor or verify compliance	Comment
Timber products	Yes, we have a system in place for our no conversion and/or deforestation commitments	<Not Applicable>
Palm oil	<Not Applicable>	<Not Applicable>
Cattle products	<Not Applicable>	<Not Applicable>
Soy	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>

F6.4a

**(F6.4a) Provide details on the system, the approaches used to monitor compliance, the quantitative progress, and the non-compliance protocols, to implement your no conversion and/or deforestation commitment(s).**

**Forest risk commodity**

Timber products

**Operational coverage**

Direct operations

Supply chain

**Description of control systems**

Forest management is the most important part of Klabin's risk control. FSC® and Cerflor/PEFC Forest Management and CoC certification guidelines are important references in the risk mapping process. Both are implemented due to their importance to forestry business. Annually, Klabin is audited by outsourced auditors. The first principle of both certifications refers to compliance with the laws applicable to the country where the company operates.

Klabin's GIS team is responsible for updating own, leased and third-party areas images through satellite monitoring; compliance with Brazilian Forest Code must be considered throughout the value chain. For on-site evaluation, checklists audits are applied by Klabin's technicians. Points of attention are reported, following the same logic as the external certification audits (observation and non-conformities). The audits' results and the action plan monitoring are manage in an internal system (PowerBi).

**Monitoring and verification approach**

Geospatial monitoring tool

Ground-based monitoring system

First-party verification

Third-party verification

**% of total volume in compliance**

100%

**% of total suppliers in compliance**

100%

**Response to supplier non-compliance**

Suspend & engage

**Procedures to address and resolve non-compliance with suppliers**

Developing time-bound targets and milestones to bring suppliers back into compliance

Providing information on appropriate actions that can be taken to address non-compliance

Re-integrating suppliers back into supply chain based on the successful and verifiable completion of activities

**Please explain**

Forest Environmental Responsibility coordination is responsible for apply the internal audits in own and value chain operations.

In 2021, 709 audits were realized in Paraná and Santa Catarina suppliers; approximately 202 suppliers were evaluated. Klabin audits all wood suppliers monthly. Audit checklist contemplates ESG issues. Operational deviations are classified according to severity:

(I) Observations - minor severity: supplier has 7 days to regularize the operation and send evidence of it. An example of what is considered a minor severity deviation is incorrect waste disposal (recyclable and non-recyclable).

(II) Non-conformities - major severity: supplier is suspended to delivery wood for Klabin immediately. After fulfilling the recommendations of adequacy, supplier undergoes a new audit and if no pending issues, supply contract is resumed. An example of what is considered a major severity deviation is irregular accommodation for workers (occupational health and safety).

Periodically (bimonthly) internal meetings are held between commercial and certification team for a critical analysis of the process. Klabin measures the success by compliance percentage of sustainability parameters. In 2021, 100% of the suppliers that delivered wood to the factory were suitable or have been adapted as recommended by Klabin for this purpose.

**F6.5**

**(F6.5) For your disclosed commodity(ies), indicate if you collect data regarding your own compliance and/or the compliance of your suppliers with the Brazilian Forest Code.**

	Do you collect data regarding compliance with the Brazilian Forest Code?	Please explain
Timber products	Yes, from both suppliers and owned/managed land	The sustainable forest management is the most important part of our risk control; therefore, the compliance with the Brazilian Forest Code must be part of our routine. Klabin's GIS team is responsible for updating own, leased and third-party areas images through satellite monitoring and environmental adjustment. The images have a 3-meter resolution and are updated every two days, the information is available for forest co-workers via printed maps, intranet, local support, digital cartographic database and mobility tools that enable monitoring compliance with environmental requirements. For on-site evaluation, Klabin has an Environmental team composed by technicians and specialists, which applies internal audits in own, leased and partnership areas to ensure that the operations are in accordance with legislation. In third-party areas, applying audits is in accordance with the FSC Controlled Wood standard, which involves verifying the CAR registration, property and operation documents, among field evaluations. Annually, forestry unit is audited by a team of outsourced auditors who evaluate the Principles and Criteria of the Forest Stewardship Council® – FSC® (in PR, SC and SP units) and Brazilian Forest Certification Program – Cerflor (in PR unit). The first principle of both certifications refers to compliance with the laws applicable to the country where the company operates. Moreover, the Chain of Custody (CoC) certification ensures that suppliers also undertake to comply with environmental laws, which is verified in the traceability of raw materials through field and documentary audits.
Palm oil	<Not Applicable>	<Not Applicable>
Cattle products	<Not Applicable>	<Not Applicable>
Soy	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>

## F6.5a

(F6.5a) For your disclosed commodity(ies), indicate which Key Performance Indicators (KPIs) you use to measure your own compliance with the Brazilian Forest Code and your performance against these indicator(s).

### Forest risk commodity

Timber products

### KPIs

% of owned and/or managed properties registered on the Rural Environmental Registry (CAR) database, with active status

### Performance against indicators

100%

### Please explain

The management of the commodity is very important to ensure the lowest financial, operational and legal risk for the company. The Land Use team manages information from official databases, such as property registrations and CAR. There is an internal tool to manage these information. Also is the team responsibility processing the property area information by remote sensing, generating a temporal analysis of forest conversion by using LandSat 1994 images and maps of land use, including the identification of proximity to communities and environmental readjustment of PPA and LRs, according to guidelines Brazilian Forest Code.

### Forest risk commodity

Timber products

### KPIs

% of owned and/or managed properties with Legal Reserve (RL) and/or Permanent Protected Area (APP) deficit

### Performance against indicators

100%

### Please explain

The environmental management of the commodity is very important to ensure the lowest financial, operational and legal risk for the company. The Land Use team manages information from official databases, such as the register with Legal Reserve (LR). The GIS team is responsible for analyzing the property registrations to verify the SISLEG term, and a satellite image analysis to verify if the preservation areas are adequate according to the Brazilian Forest Code guidelines. Klabin total owned/manage area is more than 625 thousand hectares; about 265 thousand hectares refers to native vegetation destined to conservation, so 42% of Klabin area is conserved (PPA and LR). Brazilian Forest Code requires that at least 20% of the property area must be intended for conservation (PPA and LR). Therefore, is possible to affirm that Klabin has no Legal Reserve (LR) and/or Permanent Protected Area (PPA) deficit.

### Forest risk commodity

Timber products

### KPIs

% of owned and/or managed properties with signed Terms of Commitment of the Environmental Regularization Program (PRA)

### Performance against indicators

100%

### Please explain

The environmental management of the commodity is very important to ensure the lowest financial, operational and legal risk for the company. 100% of properties in Santa Catarina and São Paulo states have Terms of Commitment of the Environmental Regularization Program (PRA) in progress. In Paraná state, the environmental agenda issued the PRA guidelines in July 2020. It is in the medium-term planning to sign the PRA. Internal tool to monitor compliance with environmental adequacy plans is under preparation.

The area of forestry units in Santa Catarina and São Paulo represents 29% of Klabin's total area. However, it is understood that 100% of the performance is in accordance with the indicator, since the company has a specialized team mobilized to monitor the agenda with public bodies and thus develop the best methodology for the applicability of the PRA throughout the area managed by Klabin.

### Forest risk commodity

Timber products

### KPIs

% of owned and/or managed properties with no gross deforestation after July 2008

### Performance against indicators

100%

### Please explain

The environmental management of the commodity is very important to ensure the lowest financial, operational and legal risk for the company. Klabin neither acquires nor leases properties that underwent deforestation after 1994, as per the criteria of the Forest Stewardship Council (FSC). The GIS team is responsible for processing this information by remote sensing, using LandSat 1994 images that allow a temporal analysis of forest conversion. Land negotiation process is structured in an internal system to track the status of multi-sector analysis. The conversion analysis is one of the requirements to proceed with the land negotiation, amongst the analysis of the official documents (CAR). If the conversion of forests is identified, the negotiation process is blocked. Also, GIS team is responsible for satellite monitoring (Planet and Sentinel-2). Every two days the images (with a 3-meter resolution) are updated, which enables environmental monitoring. Complementary to image analysis, Klabin manages records made in Esri's Survey 123 app by co-workers in the field. The notes made are linked to a georeferenced panel that allows the responsible areas (such as Property Protection and Environmental teams) to manage forest occurrences, for example, PPA invasion or degradation.

## F6.5b

**(F6.5b) For your disclosed commodity(ies), indicate which Key Performance Indicators (KPIs) you use to measure the compliance of your suppliers with the Brazilian Forest Code and their performance against these indicator(s).**

**Forest risk commodity**

Timber products

**KPIs**

% of suppliers registered on the Rural Environmental Registry (CAR) database, with active status

**Performance against indicators**

100%

**Please explain**

The environmental compliance of supply chain is very important to ensure the lowest financial, operational and legal risk for the company. Certified FSC® and Cerflor CoC systems provide mechanisms of traceability, which ensures the minimum commitment with biodiversity. Annually, a third-party verified forest certification beyond legally based requirements. 100% of suppliers' properties are registered in CAR (Rural environmental registry). Commercial team is responsible to manage this information. The GIS team assists by analyzing satellite images to verify if the land use and the preservation are adequate according to Brazilian Forest Code.

---

**Forest risk commodity**

Timber products

**KPIs**

% of suppliers with Legal Reserve (RL) and/or Permanent Protected Area (APP) deficit

**Performance against indicators**

100%

**Please explain**

The environmental compliance of supply chain is very important to ensure the lowest financial, operational and legal risk for the company. Chain of Custody (CoC) certification ensures that suppliers also undertake to comply with environmental laws, which is verified in the traceability of raw materials through field and documentary audits. Annually, third-party auditors verified the system to ensure no sourcing of forest risk commodities from unknown/controversial sources. 100% of the suppliers are monitored as to their compliance with the law on Legal Reserve (LR) and Permanent Preservation Areas (PPA).

When there is a need of purchase non certified raw material, Klabin applies a controlled wood due diligence system (DDS). Klabin analyzes and, if necessary, revises its DDS at least once a year and performs an internal audit to ensure that the system is being applied correctly. The following operational procedures are used to guide the supplier monitoring performance: FCO-PRO-COM-0002 - Controlled Wood; Klabin's Wood Purchasing Policy; SmartWood Guidelines for Chain of Custody; and FSC® Standards for Chain of Custody.

The GIS team assists by analyzing satellite images to verify if the preservation is adequate according to the Brazilian Forest Code and Environmental team is responsible for auditing suppliers' properties to verify actual regulations compliance. In 2021, 709 audits were realized in Paraná and Santa Catarina suppliers; 202 suppliers were evaluated. Klabin audits all wood suppliers monthly. Compliance with Brazilian Forest Code and other regulations are considered.

---

**Forest risk commodity**

Timber products

**KPIs**

% of suppliers with signed Terms of Commitment of the Environmental Regularization Program (PRA)

**Performance against indicators**

100%

**Please explain**

The environmental compliance of supply chain is very important to ensure lowest financial, operational and legal risk for the company. FSC® and Cerflor CoC certification systems provide mechanisms of traceability, which ensures the minimum commitment with biodiversity. Annually, a third-party verified forest certification beyond legally based requirements. 100% of suppliers' properties are registered in CAR (Rural environmental registry). Commercial team is responsible to manage this information. The GIS team assists by analyzing satellite images to verify if the land use and the preservation are adequate according to Brazilian Forest Code.

Klabin invests in "Legal Forests" and "Social Forests" programs. Both have as object to assist rural producers in the region of company influence (Paraná and Santa Catarina forestry units) to adequate their properties. Assistance for areas demarcation; donation of tree species seedlings; protection of springs; and guidance on best practices for vegetation restoring. This initiative helps land-owners to anticipate the commitment of the Environmental Regularization Program (PRA).

---

**Forest risk commodity**

Timber products

**KPIs**

% of suppliers with no gross deforestation after July 2008

**Performance against indicators**

100%

**Please explain**

The environmental compliance of supply chain is very important to ensure the lowest financial, operational and legal risk for the company. Chain of Custody (CoC) certification ensures that suppliers also undertake to comply with environmental laws, which is verified in the traceability of raw materials through field and documentary audits. Annually, third-party auditors verified the system to ensure no sourcing of forest risk commodities from unknown/controversial sources.

When there is a need of purchase non certified raw material, Klabin applies a controlled wood due diligence system (DDS). Klabin analyzes and, if necessary, revises its DDS at least once a year and performs an internal audit to ensure that the system is being applied correctly. The following operational procedures are used to guide the supplier monitoring performance: FCO-PRO-COM-0002 - Controlled Wood, Klabin's Wood Purchasing Policy; SmartWood Guidelines for Chain of Custody; and FSC® Standards for Chain of Custody. Commercial department is responsible to manage supplier commitment by applying audits in suppliers' properties to verify actual compliance with Brazilian Forest Code and other regulations. In 2020, 709 audits were realized in Paraná and Santa Catarina suppliers; 202 suppliers were evaluated. Klabin audits all wood suppliers monthly.

Also, in 2020, Paraná's GIS & Measurement team included data from the land use collections and MapBiomass alert files in the work routine. Deforestation alerts Shapefile are used in dashboards format, making possible to detect most recent deforestation in the region. By 2021, almost 800 hectares in 50 properties were detected in the alerts. Negotiations are suspended in these cases. This information allowed a safe complement in the environmental diagnostics of properties free of deforestation during the forestry prospecting processes. Paraná unit was selected as a pilot due to the current expansion context, but the company extended this process to Santa Catarina forestry unit in 2022.

**(F6.6) For your disclosed commodity(ies), indicate if you assess your own compliance and/or the compliance of your suppliers with forest regulations and/or mandatory standards.**

	Assess legal compliance with forest regulations	Comment
Timber products	Yes, from both suppliers and owned/managed land	<Not Applicable>
Palm oil	<Not Applicable>	<Not Applicable>
Cattle products	<Not Applicable>	<Not Applicable>
Soy	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>

## F6.6a

**(F6.6a) For your disclosed commodity(ies), indicate how you ensure legal compliance with forest regulations and/or mandatory standards.**

## Timber products

## Procedure to ensure legal compliance

The sustainable forest management is the most important part of our risk control, therefore the compliance to Brazilian Forest Code and other regulations must be concerned to ensure the lowest financial, operational and legal risk for the company. The company's legal area continuously monitors and maps these regulations; and internal tools are used in this process.

As part of Klabin's Sustainability Policy, Forest Certification guidelines are covered and the organization is committed to continuously compliance them. FSC® (in all units) and Cerflor/PEFC (Paraná unit) are implemented due to their importance to forestry business. Klabin's stakeholders internationally recognize them, what contributes to risk management security and credibility. Annually, forestry unit is audited by third parties regarding the Principles and Criteria. The first principle of both certifications refers to compliance with the laws applicable to the country where the company operates. Klabin forest unit operates in three states of Brazil - Paraná, Santa Catarina and São Paulo. Moreover, the Chain of Custody (CoC) certification ensures that suppliers also undertake to comply with environmental laws, which is verified in the traceability of raw materials through field and documentary audits.

- Klabin's GIS team is responsible for updating own, leased and third-party areas images through satellite monitoring and environmental adjustment. The images have a 3-meter resolution and are updated every two days. The information is available via printed maps, intranet, local support, digital cartographic database and mobility tools that enable monitoring compliance with environmental requirements.

- Environmental team, composed by technicians and specialists, applies internal audits in own, leased and partnership areas to ensure that the operations are in accordance with legislation. Commercial team is responsible for applying audits in supplier's properties in accordance with the FSC® Controlled Wood standard. All suppliers of the forestry units are audited on a quarterly basis. In 2021, 709 audits were realized in Paraná and Santa Catarina suppliers; approximately 202 suppliers were evaluated. In case of non-compliance, Klabin suspends the audited supplier's wood supplying immediately and sends a recommendation of adequacy.

## Country/Area of origin

Brazil

## Law and/or mandatory standard(s)

Other, please specify (Brazilian Forest Code)

## Comment

The Brazilian Forest Code is the law that establishes the general rules on native vegetation of the Brazilian territory. To achieve its preservation objective, the code established the Legal Reserve and the Permanent Preservation Area (PPA). The Legal Reserve is the portion of each rural property that must be conserved as a representative natural area necessary for the maintenance of local biodiversity. While Permanent Preservation Areas preserves fragile places, such as river banks, hill tops and slopes.

Klabin is recognized for the environmental compliance. It is pioneer in adopting the mosaic technique - planted forests interspersed with native forests for conservation. This contributes to forming ecological corridors that enable the coexistence and transit of native fauna in their natural habitat. In addition to directly contributing to the protection of soil, water and biodiversity. More than 43% of Klabin's forest areas are designed to conservation – about 248 thousand hectares in three Brazil's region: São Paulo, Santa Catarina and Paraná states. Compliance with Brazilian Forest Code is concerned in Klabin's Sustainability Policy and risk management. The organization recognizes that positive performance on biodiversity can enhance a company's standing among outside stakeholders and create real business value. For this reason, the organization always considers investments in tools, methods or plans to assess forest regulations compliance. In 2020, Paraná's GIS & Measurement team included data from the land use collections and MapBiomass files in the work routine. The data complement the prospecting and evaluating new forest assets. In addition to productive potential, assessing environmental issues are evaluated, in compliance with FSC forest certification principles. MapBiomass is a good source of geospatial information due to its scope and data quality. It is an intuitive and user-friendly tool for assessing deforestation alerts and changes in land use coverage. By 2021, almost 800 hectares in 50 properties were detected in the alerts. Negotiations are suspended in these cases and the company's legal department is mobilized to guide the procedure. This information allowed a safe complement in the environmental diagnostics of properties, resulting in free deforestation during the forestry processes, safeguarding Klabin's forestry businesses.

## F6.7

(F6.7) Are you working with smallholders to support good agricultural practices and reduce deforestation and/or conversion of natural ecosystems?

	Are you working with smallholders?	Type of smallholder engagement approach	Smallholder engagement approach	Number of smallholders engaged	Please explain
Timber products	Yes, working with smallholders	Supply chain mapping Capacity building Financial and commercial incentives	Supplier questionnaires on environmental and social indicators Offering on-site technical assistance and extension services Paying higher prices linked to best agricultural practices Financial incentives for certified products Purchase guarantee linked to best agricultural practices	1940	<p>Since 2005, Klabin has helped landowners in Paraná (PR) and Santa Catarina (SC) states to use their lands sustainably by encouraging the recovery of native forest remnants; silviculture with responsible methods; and decrease the rural exodus, helping to improve regional development through "Legal Forest" Program (conducted in partnership with the NGO Apremavi). Because of the success of this program, there was an opportunity to expand engagement beyond forest commodity. In 2015, "Social Forest" Program was launched (in partnership with the Apremavi and Brazilian Micro and Small Business Support Service-Sebrae) with the goal of strengthening economic, environmental and social conditions of small and mid-sized rural properties (e.g. olericulture). Both programs have assisted 1,940 landowners and have donated more than 1.9 MM native seedlings for restoration (2005-2021).</p> <p>Properties adequacy to Forest Code (Legal/Social Forest programs) led Klabin to also invest in Supplier Forest Certification Program in the region of Campos Gerais-PR (2015) and Planalto Serrano- SC (2017), seeking to raise quality of forest management in value chain. Efforts through technical assistance and financial incentives to wood suppliers to achieve certification resulted in 282 FSC® certified producers in 2021; more than 141,515 hectares certified. The initiative is a part of company's goal to gradually change the standards from Controlled Wood to FSC Certified Wood.</p> <p>In 2021, Klabin purchased the amount of 5.4 MM ton from suppliers; 71% was certified raw material. It is important to note that commodity is a 7 (eucalyptus) and 15 (pine) cutting cycle, therefore the supply of wood by the same smallholder is not always continuous (yearly). For this reason, is fundamental the effort to encourage the certification of new suppliers. Another strategy is offer benefits in price per ton of certified wood, if certificated until the date of harvesting. In 2021, this benefit was around 16% over the price of non-certified wood. Every year, Klabin organizes a meeting with producers certified by the program with the aim to exchange experiences between them and create a bond of trust between them and the company.</p> <p>*1,940 suppliers engaged = Legal Forest program assists suppliers certified by Klabin Certification Program; so to not duplicate the information, the numbers are not added.</p>
Palm oil	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Cattle products	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Soy	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>

F6.8



**(F6.8) Are you working with your direct suppliers to support and improve their capacity to comply with your forests-related policies, commitments, and other requirements?**

	Are you working with direct suppliers?	Type of direct supplier engagement approach	Direct supplier engagement approach	% of suppliers engaged	Please explain
Timber products	Yes, working with direct suppliers	Supply chain mapping Capacity building Financial and commercial incentives	Supplier audits Offering on-site training and technical assistance Encourage suppliers to work collaboratively on sector, landscape, or jurisdictional initiatives Paying higher prices linked to best agricultural practices Financial incentives for certified products Purchase guarantee linked to best agricultural practices Long-term contracts linked to forest related commitments	100%	<p>Since 2005, Klabin has helped landowners in Paraná (PR) and Santa Catarina (SC) states to use their lands sustainably by encouraging the recovery of native forest remnants; silviculture with responsible methods; and decrease the rural exodus, helping to improve regional development through "Legal Forest" Program (conducted in partnership with the NGO Apremavi). The program has assisted more than 1,260 landowners.</p> <p>Properties adequacy to Forest Code (Legal/Social Forest programs) led Klabin to also invest in Supplier Forest Certification Program in the region of Campos Gerais-PR (2015) and Planalto Serrano- SC (2017), seeking to raise quality of forest management in value chain. Efforts through technical assistance and financial incentives to wood suppliers to achieve certification resulted in 282 FSC® certified producers in 2021. The initiative is a part of company's goal to gradually change the standards from Controlled Wood to FSC Certified Wood. Non-certified suppliers receive training and are guided to adopt best practices in field.</p> <p>In 2020, Klabin also launched a new approach to ensure in a long-term supply: "Plant with Klabin". It is a program for small, medium and large rural producers. They are invited to participate in the company's forest expansion process through the cultivation of pine and eucalyptus. Producers receive free technical assistance and the guarantee of the minimum purchase price of the ton of wood, with the proviso to certify their properties, provided for in the contract. There are 83 partnerships signed in Paraná and Santa Catarina state (2020-2021).</p> <p>In 2021, Klabin purchased the amount of 5,4 MM ton from suppliers; 71% was certified raw material. It is important to note that commodity is a 7 (eucalyptus) and 15 (pine) cutting cycle, therefore the supply of wood by the same smallholder is not always continuous (yearly). For this reason, is fundamental the effort to encourage the certification of new suppliers. Another strategy is offer benefits in price per ton of certified wood. In 2021, this benefit was around 16% over the price of non-certified wood.</p> <p>Every year, Klabin organizes meetings with certified and controlled suppliers with the aim to exchange experiences between them and create a bond of trust between them and the company. In 2021, 331 suppliers delivered wood to Klabin; 100% is engaged by any of Klabin initiatives.</p>
Palm oil	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Cattle products	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Soy	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>

**F6.9**

---

**(F6.9) Are you working beyond your first-tier supplier(s) to manage and mitigate deforestation risks?**

	Are you working beyond first tier?	Type of engagement approach with indirect suppliers	Indirect supplier engagement approach	Please explain
Timber products	Yes, working beyond first tier	Supply chain mapping Capacity building	Supplier questionnaires on environmental and social indicators On-site meetings with indirect suppliers Offering on-site training and technical assistance Investing in pilot projects	Klabin's business model has "Plant with Klabin", a new view for Forest Fostering Program, a partnership with the local land-based producers (properties in a range of 150 km away from our mills in Paraná and Santa Catarina) to expand and diversify the income of communities close to its units by planting forests on rural properties. In this new format, they receive free technical assistance and the guarantee of a minimum price for ton of wood with the proviso to certify it, provided for in the contract. This is a "pilot" model, innovative in the region. In 2020-2021, 83 partnerships were signed; 4k hectares negotiated. Some of these producers contract service-suppliers for silviculture or harvesting. Therefore, is important that Klabin organizes on-site training in face to exchange the know-how of good practices in forest management. Plant with Klabin partner-producer represent an important link in the company's wood supply chain. It is possible to say that our first tier wood supply chain is the partner-producer farmer, so our first tier is the last one as well. All producers are also assisted by Legal Forest Program, which guides them to comply with Brazilian Forest Code and improve the environmental condition of their properties.
Palm oil	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Cattle products	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Soy	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>

**F6.10**

**(F6.10) Do you engage in landscape (including jurisdictional) approaches to progress shared sustainable land use goals?**

	Do you engage in landscape/jurisdictional approaches?	Primary reason for not engaging in landscape and/or jurisdictional approaches	Please explain why your organization does not engage in landscape/jurisdictional approaches, and describe plans to engage in the future
Row 1	Yes, we engage in landscape/jurisdictional approaches	<Not Applicable>	<Not Applicable>

**F6.10a**

**(F6.10a) Indicate the criteria you consider when prioritizing landscapes and jurisdictions for engagement in collaborative approaches to sustainable land use and provide an explanation.**

	Criteria for prioritizing landscapes/jurisdictions for engagement	Please explain
Row 1	Company has operational presence in area High commodity sourcing footprint from area Opportunity for smallholder inclusion Opportunity for increased human well-being in area Opportunity to implement Nature-based Solutions Opportunity to protect natural ecosystems Opportunity to restore natural ecosystems Response to regulation Response to voluntary sectoral agreement	To effectively address company deforestation and sustainability targets and to secure supply chain operations, Klabin need to actively engage in the landscapes/jurisdictions where it operates. In 2021, Klabin purchased wood in 61 municipalities, mainly in Paraná and Santa Catarina states. Klabin has the commitment to exchange knowledge with independent producers, such as Legal and Social Forest Programs, that have assisted rural producers distributed in more than 70 municipalities, since 2005. Main objective is to help them use their lands sustainably by encouraging the recovery of native forest remnants; silviculture with responsible methods; and decrease the rural exodus, helping to improve regional development. This kind of initiative reduces the risk of non-compliance with sourcing policies (Klabin's Wood Purchase Policy guide to best efforts to avoid purchasing wood from illegal logging; and due diligence system to ensure traceability). This ensures that the engagement and type of intervention integrates with the company's sustainability strategy and risk assessment approach.

**F6.10b**

**(F6.10b) Provide details of your engagement with landscape/jurisdictional approaches to sustainable land use during the reporting year.**

**Country/Area**

Brazil

**Name of jurisdiction or landscape area**

Klabin has its own and managed (leased and partnership) forest production of eucalyptus and pine, equivalent to 284 thousand hectares distributed in Paraná, Santa Catarina and São Paulo states of Brazil.

**Is the landscape defined by administrative boundaries of sub-national governments and does the approach have active government involvement?**

Yes, the landscape is defined by administrative boundaries and the approach has active government involvement

**Brief description of landscape/ jurisdictional approach**

Jurisdictional approaches to sustainable development are essential to address issues linked to deforestation. Sustainable investments to finance business in the region have a fundamental role once it brings opportunities for environmental awareness with partner producers and neighbours. Klabin is a forest-based company recognized for its responsible management, committed to biodiversity. The company works collaboratively with supply chain, driven by regional development. A great highlight in this sense is "Plant with Klabin" Program. Launched in 2020, is an improved version of the Forest Fostering Program. Forest Fostering Program has started in 1987 with the participation of four municipalities. In 1991, the "Technical and Administrative Collaboration Agreement" was signed between Klabin, Paraná government and the municipalities of Telêmaco Borba, Imbaú , Ortigueira, Reserva, Tibagi, Ventania, Curiúva, Sapopema, Figueira, São Jerônimo da Serra, Ipiranga, Arapoti, Ibaiti and Cândido de Abreu, totaling 14 municipalities.

**Forest risk commodities relevant to this landscape/jurisdictional approach**

Timber products

**Type of engagement**

Convener: High level of engagement in set-up, design, management and implementation

Supporter: Implement activities to support at least one goal

Funder: Provides full or partial financial support

**Description of engagement**

In order to continuously improve the processes, it was established a new commercial policy in "Plant with Klabin" Program. The goal is to strengthen relationship with suppliers, seeking loyalty through fair trade. The main point added in this new policy: price guarantee and condition for property certification. The aim of this new approach is to meet demands and needs of suppliers offering three new types of partnership: exchange of inputs and services, exchange of seedlings and price guarantee. By 2020 and 2021, 83 new partnerships were signed and 4 thousand hectares were negotiated in Paraná and Santa Catarina states. The Program is a partnership between the company and rural producers with properties located up to 150 km away from the factories. The basis of the program's support is adding idle areas to production process, generating income, recovering degraded areas, promoting crop-livestock and forest integration. Because of this work, is predicted reduction of rural exodus of small producers and distribution of income and benefits generated by reforestation.

All "Plant with Klabin" partners receive the benefit to join in other two Klabin's initiatives: Legal Forest and Forest Suppliers Certification programs. The first one aims to help partners to adequate their properties in accordance with Brazilian Forest Code; and the second program goal is to assist partners to obtain FSC certification for their forest management.

**Goals supported by engagement**

Carbon removals through restoration

Reduced emissions from land use change and/or agricultural production

Decreased ecosystem degradation rate

Avoided deforestation/conversion of other natural ecosystems

Simplified administrative requirements in place for smallholders to easier gain access to the market

Increased commodity traceability in landscape/jurisdiction

Reliable landscape monitoring/data collection system

Smallholders mapped in landscape/jurisdiction

Habitat connectivity restored/improved

Landscape conservation

Landscape restoration

Increased rate of employment in rural economy

High producer engagement within landscape/jurisdiction

Increased uptake of certification

Improved productivity

Increased adoption of sustainable production practices

**Company actions supporting approach**

Collaborate on land use change monitoring in the landscape/jurisdiction

**Implementation partner(s)**

Klabin maintains a partnership with a non-profit organization that coordinates the Legal Forest Program and hires a specialized consultancy to conduct the Forest Supplier Certification Program.

**Engagement start year**

2020

**Engagement end year**

Not defined

**Total investment over the project period (currency)**

22031599

**Details of your investment**

By 2020 and 2021, a total of R\$ 22 M were invested in the following initiatives to engage with landscape/jurisdictional approaches to sustainable land use in Paraná and Santa Catarina states:

Plant with Klabin (R\$ 16,358,000.00) + Legal Forest (R\$ 1,617,181.00) + Forest Supplier Certification (R\$ 4,056,418.00)

**Type of assessment framework**

Commodities Jurisdictions Approach

**Is progress monitored and publicly reported on?**

Yes, progress is monitored and publicly reported on

**State the achievements of your engagement so far, and how progress is monitored**

Plant with Klabin served 83 partners in 2020/2021 and the Forest Supplier Certification helped 282 suppliers (Plant with Klabin partners and others) to obtain certification.

Both engagement initiatives contribute to the adjustment of these producers' legal compliance and to improvement of forestry operation practices, as Klabin exchanges its know-how with them. For environmental adequacy, they are directed to Legal Forest Program. This program comprises the planning rural properties, conservation, environmental education, and forest development in the state of Parana since 2008, and Santa Catarina since 2005. Small- and medium-sized farmers, whom take part in this group, receive native seedlings to restore their Permanent Protection Areas and Legal Reserves. The program has over 1,200 registered properties, donated over 1,600,000 seedlings and mapped over 20 thousand native areas over 74 municipalities.

Because of the success of this program, there was an opportunity to expand engagement beyond forest commodity. The Social Forest Program was developed in 2015 to encourage family farming, which involves small farmers in Parana. It was extended to Santa Catarina in 2020. The initiative covers the stages of production, from environmental adequation to support for the marketing of food, through training, diversification, and cooperates. Held in partnership with Sebrae and the NGO Apremavi, with the support of the municipal governments, Social Forests has served more than 600 farms. Some of the results obtained during this period include 268 thousand native seedlings donated and over 682 hectares of PPA and LRs mapped; increased income for small family farms; increased food production; sales to new markets; reduced use of pesticides; the adoption of new technologies, and organized production.

Restoration projects established in both programs helps to connect native areas creating ecological corridors between Klabin's areas and its neighbours. Properties land use are monitored in GIS tool and during field visits. As conclusion, Klabin helps partner producers to align production and environmental issues, contributing to landscape ecology in the region.

---

F6.11

---

**(F6.11) Do you participate in any other external activities and/or initiatives to promote the implementation of your forests-related policies and commitments?**

**Forest risk commodity**

Timber products

**Do you participate in activities/initiatives?**

Yes

**Activities**

Involved in multi-partnership or stakeholder initiatives

**Country/Area**

Brazil

**Subnational area**

Not applicable

**Initiatives**

UN Global Compact

Forest Stewardship Council (FSC)

Programme for the Endorsement of Forest Certification (PEFC)

Other, please specify (Brazilian Alliance on Climate, Forests and Agriculture; The Forests Dialogue (Regional, National and International); Forestry Research Institute (IPEF); Society for Forest Investigations (SIF))

**Please explain**

Klabin management is guided towards Sustainable Development. Commitments to national/international organizations reinforce sustainability governance. Klabin is signatory to UN Global Compact and in 2019, participated in the Global Compact Brazil Network event, to debate Brazilian private sector initiatives in the SDGs application. Tenth item of Klabin's Sustainability Policy is: "Company may observe the UN SDGs and guide their actions and investments to strengthen this agenda (...)". Annually, governance specialists review it and align the content to company's materiality, outlining strategies to establish goals and commitments in its business. All the following engagements respond to SDG 17 - partnerships and goals for sustainable development.

Klabin was the first in the Southern Hemisphere pulp and paper sector to be certified for sustainable forest management, in 1998. In 2017, Paraná unit also earned the Cerflor/PEFC certificate to reinforce the forest-related commitment, recognized by stakeholders. FSC® is the most internationally credible forest certification system. In partnership with it and other companies, Klabin had worked to develop the Brazilian National Standard for the planted forest, focused on the smallholders - SLIMF. In 2021, Klabin's Group Certification Program has benefited 282 producers in Paraná and Santa Catarina states. This engagement plays a vital role in the company's environmental strategy, as it contributes to the transition of suppliers from Controlled Wood to Certified Wood, in order to guarantee the log-term supply with reliable sources; environmentally and socially responsible; considering regional development.

In addition, Klabin participates in committees intended to influence public policies on forest-related issues, such as: (i) Brazilian Alliance on Climate, Forests and Agriculture, a multi-sector alliance; (ii) Forest Dialogue, a platform to engage stakeholders in ESG initiatives; (iii) Brazilian Forestry Research Institute (IPEF) to discuss Forestry Certification and Monitoring of Water Resources; and (iv) Society for Forest Investigations (SIF) being part of the Restoration Technical Group. SIF is a partnership between the Federal University of Viçosa (UFV) and the main forestry companies in Brazil, to support the development of research and professional qualification through scientific basis.

---

**Forest risk commodity**

Timber products

**Do you participate in activities/initiatives?**

Yes

**Activities**

Engaging with policymakers or governments

**Country/Area**

Brazil

**Subnational area**

Please specify (Paraná, Santa Catarina, São Paulo and Pernambuco states)

**Initiatives**

<Not Applicable>

**Please explain**

The commitment to Local Development is part of Klabin's essence and is registered in our Sustainability Policy. It is promoted through the involvement of communities, policymakers and governments. An economic, environmental and social agenda is built with the participation of different stakeholders.

In 2019, the Angatuba (SP) Local Development Forum was created. At Angatuba meetings, actions on the education and sustainability fronts were prioritized, such as meetings on Sustainable Cities and creation of a Geopark in the municipality, and the projects "Community at School" and "Water Spring Project" for the long term (5 years).

In 2021, the Sustainable Development Forum also resumed at Goiana Unit (facility). The proposal is to involve various actors from organized civil society, including Klabin and other local companies, to seek continuous improvement in the territorial management model. The initiative was improved with the application of the Social Progress Index (IPS), a methodology that measures items on the territory's quality of life, regardless of economic development.

A major highlight for 2021 is the result achieved in the Social Progress Index (IPS) developed for 12 municipalities in the Serrana Region of Santa Catarina, including Lages, Correia Pinto, Otacílio Costa, Klabin's area of operation direct from Klabin (data released in April of 2022). IPS in SC is a partnership between Klabin and Fundación Avina. This important index is in line with Klabin's Sustainability Policy. The IPS is an index that has been used around the world to measure and compare social progress and direct investments, both in the public and private sectors. The tool has supported cities, countries and regions to measure their progress towards the Sustainable Development Goals (SDGs). For the IPS of the municipalities in the Serrana Region of Santa Catarina, official data from public sources were used, in addition to a perception survey carried out with 1,300 people in 12 municipalities in the region, in December 2020. The results show that the average IPS of cities in the territory was 64.20 in 2021. This means that, on average, the region is already halfway to achieving the Sustainable Development Goals measured by the index. The data are available on the website (<https://territorio.app.br/>), where data from the IPS Paraná, launched in 2021, are also found.

---

**F6.12**

**(F6.12) Is your organization supporting or implementing project(s) focused on ecosystem restoration and protection?**

Yes

(F6.12a) Provide details on your project(s), including the extent, duration, and monitoring frequency. Please specify any measured outcome(s).

**Project reference**

Project 1

**Project type**

Forest ecosystem restoration

**Primary motivation**

Voluntary

**Description of project**

Klabin has direct and indirect interference in the socioeconomic dynamics of the communities in the municipalities where operate. Thus, the organization invests voluntarily in the territory, in order to benefit the entire population with initiatives for local development, education, culture and environmental education.

In 2020, company launched the "Plante com a Klabin" Program. It is an improved version of the Forest Fostering Program. The main changes in this new policy are price guarantee and condition for property certification. A partnership between Klabin and rural producers within a radius of 150 km from the mill. The main objectives of the program are: reduce the rural exodus of small producers; distribute the income and benefits generated by reforestation through the formation of partners; adding idle areas to the production process, offering another source of income for rural producers; act in support of governmental activities, aiming at forming a forest mentality in the region. In 2020-2021, 83 partnerships were signed; about 4k hectares negotiated in Paraná and Santa Catarina states.

Since 2008, the program (Forest Fostering /"Plant with Klabin") has been supported by "Legal Forest" Program, a partnership between Klabin and the environmental NGO Apremavi. The objective is to promote environmental suitability of properties. Restoration of Permanent Preservation Areas (PPA) and Legal Reserves (LR) promotes biodiversity maintenance of native areas, forming ecological corridors that connect to Klabin's areas and consequently benefit the conservation of the entire region's natural resources. More than 1,6 MM native seedlings have already been donated among 1,260 property-owners, since 2008 to 2021.

Furthermore, the sum of good practices opened up the possibility for the Forest Supplier Certification Program in both states. In 2021, a total of 282 suppliers were certified; approximately 142 thousand hectares. Change the standard of Controlled Wood to Certified Wood is interesting for Klabin to ensure a long-term purchasing of sustainable raw material. Also it is interesting for the smallholders, once their product gain value because of certification.

**Start year**

2005

**Target year**

Indefinitely

**Project area to date (Hectares)**

20151

**Project area in the target year (Hectares)**

20500

**Country/Area**

Brazil

**Latitude**

-24.450455

**Longitude**

-50.866636

**Monitoring frequency**

Six-monthly or more frequently

**Measured outcomes to date**

Biodiversity

Carbon sequestration

**Please explain**

The "Legal Forest" Program was launched in Santa Catarina in 2005; and in Paraná in 2008. Its development is uninterrupted.

A joint venture between the Association for the Environment and Life's Preservation (Apremavi) and Klabin. The program aims to restore supplier's PPAs and LRs in accordance with Brazilian Forest Code. The majority of small farmers attended by the program participate in the company's Forest Partnership/"Plant with Klabin" Program. The essence is an encouragement to rural property planning, with adaptation to the laws in force, consequently promoting environmental education and conservation, using the concept of "Legal Ownership". Both programs combine income generation and the diversification of production activities to the restoration of Permanent Preservation Areas (APPs), in connection with watersheds, streams and rivers. Biodiversity is preserved through the maintenance of native areas, forming ecological corridors. Restoration monitoring is made six-monthly or more frequently by the program's technicians. During the 16 years of program (2005 – 2021) more than 1,6 MM native seedlings have already been distributed among 1,260 property owners; a total of 20,151 hectares of PPAs and LRs were demarcated to preservation, conservation and restoration.

Using as base the value of 10.85 tCO<sub>2</sub>eq / ha calculated according to the CO<sub>2</sub> sequestration of the native forests in relation to a total area that a Klabin has (Brazilian GHG Protocol Methodology used): 20,151 ha \* 10.85 tCO<sub>2</sub> / ha = 218,638.35 tCO<sub>2</sub>eq. This amount of CO<sub>2</sub> is also contemplated in the CO<sub>2</sub> removal calculation for land use management.

**Project reference**

Project 2

**Project type**

Forest ecosystem restoration

**Primary motivation**

Voluntary

**Description of project**

Klabin has direct and indirect interference in the socioeconomic dynamics of the communities in the municipalities where operate. Thus, the organization invests voluntarily in the territory, in order to benefit the entire population from initiatives in the areas of local development, education, culture and environmental education.

The "Social Forest" Program has been developed since 2015 in partnership with Apremavi, Sebrae and Telémaco Borba, Ortigueira, Imbaú and Reserva City Halls (Paraná

state). In 2019, the program was expanded to five more municipalities in PR: Sapopema, Curiúva, São Jerônimo da Serra, Tibagi and Cândido de Abreu. In 2020, was extended to Santa Catarina state. The initiative encourages family farming and assists small rural producers in all stages of production, from environmental adaptation to the commercialization of products in local markets, through the diversification of property and incentives to associations and cooperatives. In addition, it offers training actions involving agricultural management, livestock, organic production and environmental education, among others.

For six years (2015-2021), more than 681 rural properties participated in this Program; up to 60% increase in the income of small rural producers dedicated to family farming; increase in food production and sale to new markets; and reduction in the use of pesticides.

**Start year**

2015

**Target year**

Indefinitely

**Project area to date (Hectares)**

2682

**Project area in the target year (Hectares)**

3000

**Country/Area**

Brazil

**Latitude**

-24.450455

**Longitude**

-50.866636

**Monitoring frequency**

Six-monthly or more frequently

**Measured outcomes to date**

Biodiversity

Carbon sequestration

Water

Financial

**Please explain**

The "Social Forest" Program has been developed since 2015 in partnership with the NGO Apremavi and the entity Sebrae. The essence of the program is to promote technical assistance and income generation and diversify production. The small producers assisted work with other forms of income (other than planted forest): olericulture, livestock, fruit production, among others.

The Program highlights in six years (2015-2021) are: more than 681 rural properties assisted; up to 60% increase in the income of small rural producers dedicated to family farming; 2,682 hectares of PPA and LR demarcated; 938 protected springs; 268 k seedlings planted. Restoration monitoring is made six-monthly or more frequently by the program's technicians. A socioeconomic and environmental survey was applied to a group of 60 program participants. The main result is: more than 80% of small producers recognize the benefits in environmental aspects, such as the quality of the water in the springs.

Using as base the value of 10.85 tCO<sub>2</sub>eq / ha calculated according to the CO<sub>2</sub> sequestration of the native forests in relation to a total area that a Klabin has (Brazilian GHG Protocol Metodology used): 2,682 ha \* 10.85 tCO<sub>2</sub> / ha = 29.099,7 tCO<sub>2</sub>eq. This amount of CO<sub>2</sub> is also contemplated in the CO<sub>2</sub> removal calculation for land use management.

## F7. Verification

### F7.1

**(F7.1) Do you verify any forests information reported in your CDP disclosure?**

Yes

#### F7.1a

**(F7.1a) Which data points within your CDP disclosure have been verified, and which standards were used?****Disclosure module**

F0. Introduction

**Data points verified**

The points are verified by external consultants hired by the company by verifying the sustainability report.

**Verification standard**

The verification standard used is in accordance with AA1000 standard.

**Please explain**

Information provided in the sustainability report was verified and checked with the respective areas through objective and comparable evidence, or interviews with managers and other available team members.

**Disclosure module**

F1. Current State

**Data points verified**

The points are verified by external consultants hired by the company by verifying the sustainability report.

**Verification standard**

The verification standard used is in accordance with AA1000 standard.

**Please explain**

Information provided in the sustainability report was verified and checked with the respective areas through objective and comparable evidence, or interviews with managers and other available team members.

---

**Disclosure module**

F2. Procedures

**Data points verified**

The points are verified by external consultants hired by the company by verifying the sustainability report.

**Verification standard**

The verification standard used is in accordance with AA1000 standard.

**Please explain**

Information provided in the sustainability report was verified and checked with the respective areas through objective and comparable evidence, or interviews with managers and other available team members.

---

**Disclosure module**

F3. Risks and opportunities

**Data points verified**

The points are verified by external consultants hired by the company by verifying the sustainability report.

**Verification standard**

The verification standard used is in accordance with AA1000 standard.

**Please explain**

Information provided in the sustainability report was verified and checked with the respective areas through objective and comparable evidence, or interviews with managers and other available team members.

---

**Disclosure module**

F4. Governance

**Data points verified**

The points are verified by external consultants hired by the company by verifying the sustainability report.

**Verification standard**

The verification standard used is in accordance with AA1000 standard.

**Please explain**

Information provided in the sustainability report was verified and checked with the respective areas through objective and comparable evidence, or interviews with managers and other available team members.

---

**Disclosure module**

F5. Strategy

**Data points verified**

The points are verified by external consultants hired by the company by verifying the sustainability report.

**Verification standard**

The verification standard used is in accordance with AA1000 standard.

**Please explain**

Information provided in the sustainability report was verified and checked with the respective areas through objective and comparable evidence, or interviews with managers and other available team members.

---

**Disclosure module**

F6. Implementation

**Data points verified**

The points are verified by external consultants hired by the company by verifying the sustainability report

**Verification standard**

The verification standard used is in accordance with AA1000 standard

**Please explain**

Information provided in the sustainability report was verified and checked with the respective areas through objective and comparable evidence, or interviews with managers and other available team members.

---

**Disclosure module**

SF. Supply chain module

**Data points verified**

The points are verified by external consultants hired by the company by verifying the sustainability report.

**Verification standard**

The verification standard used is in accordance with AA1000 standard.

**Please explain**

Information provided in the sustainability report was verified and checked with the respective areas through objective and comparable evidence, or interviews with managers and other available team members.

---



F8. Barriers and challenges

F8.1

(F8.1) Describe the key barriers or challenges to eliminating deforestation and/or conversion of other natural ecosystems from your direct operations or from other parts of your value chain.

Forest risk commodity

Timber products

Coverage

Direct operations

Supply chain

Primary barrier/challenge type

Cost of sustainably produced/certified products

Comment

All of our timber supply meets sustainability targets. Barriers or challenges can be created if planted forests utilization were limited by legislation or other movements. Klabin's own timber production is FSC® certified. The forest-issues commitment enlarges through the value chain. Klabin's Wood Purchase Policy is a standard for wood procurement. Klabin is committed to 100% coverage of FSC® Chains of Custody and controlled wood/due diligence system to ensure the legal and responsible wood sources.

Our timber is covered by annual assessments conducted by an independent certification body for the FSC® Certification System. FSC® is a certification system that assures sustainable management of forests, and it is internationally recognized. Klabin is certified since 1998. All supplies are known and it is possible to trace them and audit them. The timber from third-party producers is audited from the origin based in FSC® Controlled Wood Procedure, a system to guarantee the traceability. There is also a project that aim to certify third-party producers. Klabin is providing technical knowledge and training to improve the ability of producers to obtain certification. In 2021, a total of 282 producers were certified in the FSC® SLIMF standard (Small and Low Intensity Managed Forests) and FSC® Harmonized standard, a total of 142 thousand hectares certified in Paraná and Santa Catarina states. Partner suppliers participate in Klabin's "Legal Forest" Program, which guides forestry producers to comply with the Brazilian Forest Code and improve the environmental condition of their property. Klabin aims to certify all its partner suppliers, and actively works to help them achieve this objective. Also, in 2016, the company has set up a working group named "Climate Committee", which follows both global and national Climate agendas and discusses related risks and opportunities such as deforestation and the threats to biodiversity, factors directly related to the company's productivity and reputation. In 2021 Sustainability Policy was updated (released in 2022) to follow the advances in sustainability management practices in the company. Furthermore, another new item of this policy talks about commitment to climate change and actions to control Klabin's operations.

F8.2

(F8.2) Describe the main measures that would improve your organization's ability to manage its exposure to deforestation and/or conversion of other natural ecosystems.

Forest risk commodity

Timber products

Coverage

Direct operations

Supply chain

Main measure

Development of certification and sustainability standards

Comment

Continuous monitoring and engagement with lawmakers to strengthen and encourage legislation towards best-practices certification (such as FSC®) in the supply chain sector. Such movement could increase the scale and speed of big and essential players' engagement, once they would reinforce such need-practices into their supply chains. The adoption of global best practices related to the theme in operations is expressed in the Sustainability Vision and is supported by the Sustainability Policy, updated in 2016 to follow the advances in sustainability management practices in the company. The seven policy priorities were expanded and now there are a total of 13 principles. One of the new topics included is item 10, related to the United Nations' Sustainable Development Goals (SDG), guiding Klabin's commitments to this agenda, its initiatives and investments. Furthermore, another new item of this policy talks about our commitment to climate change and our actions to control Klabin's operations with carbon efficiency. Klabin understands this agenda as comprehensive risk management to mitigation and to anticipate forest vulnerabilities (as deforestation) and incorporate it on our Sustainability Strategy. With this project, the standards have changed gradually from Controlled Wood to FSC® Certified Wood. In 2021, a total of 282 producers were certified in the FSC® SLIMF standard (Small and Low Intensity Managed Forests) and FSC® Harmonized standard, a total of 142 thousand hectares certified in Paraná and Santa Catarina states. Partner suppliers participate in Klabin's Legal Forests Program, which guides forestry producers to comply with the Brazilian Forest Code and improve the environmental condition of their property. Klabin aims to certify all its partner suppliers and actively works to help them achieve this objective.

F17 Signoff

F-FI

(F-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

F17.1

(F17.1) Provide the following information for the person that has signed off (approved) your CDP forests response.

	Job Title	Corresponding job category
Row 1	Industrial Technology, Innovation, Sustainability and Pulp Business Officer	Director on board

SF. Supply chain module

SF0.1

(SF0.1) What is your organization's annual revenue for the reporting period?

	Annual revenue
Row 1	16481000000

SF1.1

(SF1.1) In F6.3 you were asked “Have you adopted any third-party certification scheme(s) for your disclosed commodity(ies)? Indicate the volume and percentage of your certified production and/or consumption”. Can you also indicate, for each of your disclosed commodity(ies), the percentage of certified volume sold to each requesting CDP supply chain member?  
Yes

SF1.1a

(SF1.1a) For each of your requesting CDP supply chain members, indicate the percentage of certified volume sold per disclosed commodity(ies).

**Requesting member**  
L'Oréal

**Forest risk commodity**  
Timber products

**Form of commodity**  
Secondary packaging

**Third-party certification scheme**  
FSC Chain of Custody

**Total volume of commodity sold to member**  
3912

**Metric**  
Metric tons

**What % of the volume reported in column 5 is certified?**  
51-60%

**Comment**  
In 2021, a total of 3,911.52 tons of packaging were sold to L'Oreal; 1,631.60 tons were sold without certification seal by customer's commercial preference.

Packaging with certification seal sold (tons) \* 100/ Total packaging sold (tons) = %  
2,279.91 \* 100 / 3,911.52 = 58%

SF2.1

(SF2.1) Please propose any mutually beneficial forests-related projects you could collaborate on with specific CDP supply chain members.

**Requesting member**

L'Oréal

**Commodity related to the project**

Timber products

**Category of project**

Certification

**Type of project**

Increase in coverage of commodity certified

**Estimated timeframe for realization of benefits to customer**

> 6 years

**Details of project**

Klabin is FSC® certified since 1998. Nowadays, is able to supply 58% of raw material used for process; considering owned and partnership sources, such as SPVs – Special Purpose Vehicles (Klabin has the preferential right to purchase the wood produced; among other typical rights granted to controlling shareholders of a company of this type). About 42% refers to wood purchased from certified and controlled wood suppliers. Klabin is committed to 100% coverage of FSC chains of custody and controlled wood/due diligence system to ensure the legal, social and environmental responsible wood sources. To ensure a long-term supply it is interesting for the company the transition of suppliers from Controlled Wood to FSC® Certificated. Therefore, Klabin actively works to help the smallholders to achieve the certification through a partnership with a third-party company that helps smallholders with technical approach. The certifications are accomplished in groups and Klabin offers a bonus in the wood purchase value, what makes interesting for the company by purchasing a reliable source raw material and for the smallholders that gain value in their product. The encouragement to wood suppliers to get certification led to result of 282 farmers with official recognition by FSC®; more than 141.5 thousand ha certified in 2021. The number has increased 15 times from the start figure, which is a positive result. In 2020, Klabin also launched a new approach to contribute to long-term supply: "Plant with Klabin" Program. It is a program for small, medium and large rural producers. They are invited to participate in the company's forest expansion process through the cultivation of pine and eucalyptus. Producers receive free technical assistance and the guarantee of the minimum purchase price of the ton of wood, with the proviso to certify their properties, provided for in the contract. More than 4 thousand hectares and 83 new signed partnerships in Paraná and Santa Catarina states (2020 and 2021).

**Projected outcome**

Klabin's 2030 target is to have 100% of its wood consumption from certified sources. FSC® is a credible forest certification scheme and widely used in forest sector, and recognized by Klabin's stakeholders as a standard of sustainable management. The target was set in 2019, but it is important to mention that the action plan to turn the target achievement possible has started in 2014 with the Forest Supplier Certification Program.

In 2021, Klabin purchased 5,4 MM tons of wood from third-party suppliers; 71% of it were certified raw materials. In 2020, 67% of the amount purchased were from certified sources. The target is to exponential increase 4-5% per year the consumption of certified wood (ton). The goal is to reach 79% in 2025 and 100% in 2030.

Note: it is not possible to disclose the target in number (consumption volume), because this information refers to organization's expansion strategy. Its disclosure could harm the company's competitive potential.

---

## SF2.2

(SF2.2) Have requests or initiatives by CDP supply chain members prompted your organization to take organizational-level action to reduce or remove deforestation/forest degradation from your operations or your supply chain?

No

---

## SF3.1

(SF3.1) For your disclosed commodity(ies), do you estimate the GHG emission reductions and/or removals from land use and land use change that have occurred in your direct operations and/or supply chain?

**Timber products**

**Estimate GHG emissions and removals from land use and land use change**

Yes, willing to share details with requesting CDP SC members

**Please explain**

Issues related to climate change are part of the organization's sustainability policy and objectives. Klabin has a specific corporate area of Sustainability and Environment that has as one of its objectives the day-to-day management of the issue with the responsibility of monitoring global and national climate agendas and mapping their related risks and opportunities.

Klabin was the first pulp and paper company in the Southern Hemisphere to obtain, in 1998, the FSC® certification which attests to the best practices of sustainable forest management. The forest base is one of its most important assets with more than 284 thousand hectares of planted forest with pine and eucalyptus for pulp production.

Klabin maintains a further 265 thousand hectares of native forests destined for conservation. It is pioneer in the adoption of forest management in mosaic concept - a system that merges planted forests and preserved native forests, contributes to biodiversity, soil and water conservation. The 2021 inventory calculated 12.1 million tCO<sub>2</sub>e of carbon sequestration and storage by our forests (planted and native).

Besides that, Klabin invests in "Legal Forests" Program, a partnership with the NGO Apremavi. The program promotes actions on rural property planning, conservation and environmental education in the states of Paraná and Santa Catarina. Producers are assisted and receive free seedlings of native tree species to restore their areas.

During the 16 years of program (2005 – 2021) more than 1,6 MM native seedlings have already been distributed among 1,260 property owners; a total of 20,151 hectares of PPAs and LR's were demarcated to preservation, conservation and restoration. Using as base the value of 10.85 tCO<sub>2</sub>eq / ha calculated according to the CO<sub>2</sub> sequestration of the native forests in relation to a total area that a Klabin has (Brazilian GHG Protocol Methodology used): 20,151 ha \* 10.85 tCO<sub>2</sub> / ha = 218,638.35 tCO<sub>2</sub>eq. This amount of CO<sub>2</sub> is also contemplated in the CO<sub>2</sub> removal calculation for land use management.

---

## SF3.1a

(SF3.1a) For your disclosed commodity(ies), provide details on the actions implemented in your direct operations and/or supply chain that have resulted in a reduction of GHG emissions and/or enhancement in removals.

Forest risk commodity  
Timber products

Description of actions  
Issues related to climate change are part of the organization's sustainability policy and objectives. Klabin has a specific corporate area of Sustainability and Environment that has as one of its objectives the day-to-day management of the issue with the responsibility of monitoring global and national climate agendas and mapping their related risks and opportunities.  
Klabin was the first pulp and paper company in the Southern Hemisphere to obtain, in 1998, the FSC® certification which attests to the best practices of sustainable forest management. The forest base is one of its most important assets with more than 284 thousand hectares of planted forest with pine and eucalyptus for pulp production. Klabin maintains a further 265 thousand hectares of native forests destined for conservation. It is pioneer in the adoption of forest management in mosaic concept - a system that merges planted forests and preserved native forests, contributes to biodiversity, soil and water conservation. The 2021 inventory calculated 12.1 million tCO2e of carbon sequestration and storage by our forests (planted and native).

CO2e reductions and removals achieved from base year (metric tons CO2e)  
12100000

Base year  
2021

Emissions accounting boundary  
Included in the corporate GHG inventory boundary

Scope  
Scope 1

Emissions accounting methodology and standards  
The GHG Protocol for Project Accounting

Please explain calculation  
The greenhouse gas inventory calculation was based on the Brazilian GHG Protocol methodology.  
The forest base is one of its most important assets with more than 284 thousand hectares of planted forest with pine and eucalyptus for pulp production. Klabin maintains a further 265 thousand hectares of native forests destined for conservation. It is pioneer in the adoption of forest management in mosaic concept - a system that merges planted forests and preserved native forests, contributes to biodiversity, soil and water conservation. The 2021 inventory calculated 12.1 million tCO2e of carbon sequestration and storage by our forests (planted and native).

Submit your response

In which language are you submitting your response?  
English

Please confirm how your response should be handled by CDP

	I understand that my response will be shared with all requesting stakeholders	Response permission
Please select your submission options	Yes	Public

Please confirm below  
I have read and accept the applicable Terms